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Calendar No. 241

101ST CONGRESS
1st Session

SENATE

REPORT
101-131

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATION BILL, 1990

SEPTEMBER 14 (legislative day, SEPTEMBER 6), 1989.—Ordered to be printed

Mr. LEAHY, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H.R. 2939]

The Committee on Appropriations to which was referred the bill (H.R. 2939), making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1990, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

Amounts in new budget authority

Fiscal year 1989 appropriations	$14,390,032,000
Fiscal year 1990 budget estimate	15,157,926,225
Amount of bill as passed by House	14,284,613,131
Amount of bill as reported to Senate	14,441,752,945
Bill as recommended to Senate compared to:	
1989 appropriations	51,720,945
Budget estimate	−716,173,280
House Committee reported bill	157,139,814

92-970 ⇆

S183-12.

SUMMARY TABLE: AMOUNTS IN NEW BUDGET AUTHORITY

Item	Budget estimate	House reported bill	Recommended by Senate Committee	Increase (+) or decrease (−), Senate bill compared with	
				Budget estimate	House reported bill
Economic assistance—Multilateral	$1,996,384,225	$1,873,376,937	$1,713,501,751	−$282,882,474	−$159,875,186
Economic assistance—Bilateral	6,661,688,000	6,319,710,000	6,579,525,000	−82,163,000	+259,815,000
Military assistance	[1] 5,874,854,000	5,503,726,194	5,503,726,194	−371,127,806	.....
Export assistance	625,000,000	645,000,000	645,000,000	+20,000,000	.....
Total, fiscal year 1990	15,157,926,225	14,284,613,131	14,441,752,945	−716,173,280	+157,139,814

[1] House and Senate military assistance figures include funding for guaranty reserve fund.

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SUMMARY OF TOTAL BUDGET AUTHORITY IN THE BILL

The Committee recommends a net total of $14,441,752,945 in new budget authority, divided into the following categories:

Multilateral economic assistance	$1,713,501,751
Bilateral economic assistance	6,579,525,000
Military assistance	5,503,726,194
Export-import assistance	645,000,000

The Committee recommendations represent a $716,173,280 reduction from the President's fiscal year 1990 request. The Committee recommendations for titles I, II, and III of the bill are $736,173,280 below the request. The Committee recommendation for economic support funds provides for a reduction of $84,100,000.

The Committee recommendation for all the military assistance programs provides for a reduction of $371,127,806. The Committee has provided $3,819,049,950 for the international financial institutions, which is $345,007,474 below the requested amount. Funding for export assistance is $20,000,000 above the amount requested.

The Committee emphasizes that the administration's request for foreign assistance for fiscal year 1990 was wholly unrealistic given current budgetary constraints. The administration proposed major new initiatives for the Philippines, the enhanced structural adjustment facility of the international monetary fund, and increases in security assistance for certain base rights countries. Moreover, the administration initially proposed termination of the Direct Loan Program of the Export-Import Bank, which Congress had funded at $695,000,000 in fiscal year 1989, and for which this Committee has a long record of support. The administration subsequently submitted a budget amendment to provide $500,000,000 for the Direct Loan Program, but identified no offsets from its initial budget presentation to cover this new request.

Coupled with a constrained budget allocation for foreign assistance, the Committee was forced to make extremely difficult choices among competing programs. The Foreign Operations, Export Financing and Related Programs account received an allocation of $13,650,000,000 in discretionary budget authority and $11,550,000 in discretionary outlays. The President requested $13,866,225,000 in new discretionary budget authority, to which must be added the budget amendment for $500,000,000 for the Direct Loan Program of the Export-Import Bank, making a total discretionary budget authority request of $14,150,000,000. Despite the constraints, the Committee believes it has funded all critical programs at a level sufficient to meet essential U.S. foreign policy and development objectives. However, the Committee must candidly state that important programs in foreign assistance received less than their merits would indicate, in some cases considerably less.

Overview of U.S. Foreign Assistance

In a major report released this year entitled "Development and the National Interest: U.S. Economic Assistance into the 20th Century," under the leadership of late Administrator Alan Woods, the Agency for International Development for the first time in recent history undertook a comprehensive evaluation of U.S. development programs overseas, and its own performance as the lead agency responsible for implementing those programs. The report was refreshingly frank and open, noting in the first chapter that "no one seems to be really sure of exactly what the program is supposed to do, much less how well it is doing it." The impression conveyed by the report is that AID and the other Federal agencies involved in international development have been coasting for too long, unclear of their missions, and pressured to move money instead of supporting sustainable development. While this is due partly to the fact that U.S. aid serves a multitude of objectives, partly because data for measuring results are unsatisfactory, and partly because many other hard-to-measure variables make evaluating the impact of aid extremely difficult, the programs themselves contain serious flaws.

Perhaps most telling, the report concludes that "[c]urrent structures and concepts are based on a past which no longer exists. The challenges of todays problems, and tommorow's, cannot be met with yesterdays solutions * * *. Radically reshaping future official assistance programs to face new realities and complement these greater unofficial American contributions (the U.S. private sector, overseas investment, the American education system as university to the world, American PVO's, and the example and dynamism of the American economy) to global development must be both an immediate concern and a major long-term national priority. Nothing less will serve the national interests of the United States."

That the United States has vital political, economic, and humanitarian interests in the developing countries is beyond question. Because of this, since World War II the U.S. Government has undertaken efforts to promote progress overseas, justified by geopolitical and military considerations, as well as to gain commercial advantage and to alleviate poverty and suffering. However, as the AID report points out, several new factors have entered the picture: (1) the international debt crisis, which has resulted in a new emphasis on the importance of economic growth; (2) threats to the global environment, which has become a priority for all concerned about protecting future generations; (3) the communications revolution, which has heightened awareness of famine and poverty in remote regions and stirred humanitarian responses with unprecedented speed and intensity; and (4) the U.S. fiscal deficit, which has brought home the issue of limited resources even among wealthy nations, and the links between economic health at home and economic growth in developing countries. A fifth point, which the Committee believes poses the greatest threat of all, is the population explosion in the developing countries. It threatens to undo everything we are attempting to accomplish through our foreign aid programs, and is directly related to the destruction of the Earth's environment on which we all depend for survival.

In addition to the AID report, a number of other in-depth studies of our foreign aid programs have been conducted during the past year, most notably by the House Committee on Foreign Affairs. It identifies a number of significant changes in the world at large which bear directly on U.S. foreign policies, as well as legislative and administrative impediments to the effectiveness of our aid.

A recurring conclusion of each study is that the United States is at a turning point in its policies toward the developing world. Traditional attitudes of hostility between the superpowers is evolving, providing new opportunities for focusing on major, long-term challenges to U.S. security posed by crises in developing countries. The Brady plan on international debt, support for lending policies that protect the environment, the emphasis on supporting democratic institutions and negotiated solutions to regional conflicts, are examples of new thinking that reflects the changing world around us.

But further rethinking is essential. It has been more than one-quarter of a century since the Foreign Assistance Act was enacted, and 15 years since its last major overhaul. Concerted action by both the executive and legislative branches of Government is urgently needed in order to gain the support of the American people for foreign aid, to define what our priorities are in a time of severe budget limitations, and to coordinate better our economic, development, and strategic policies.

The Committee, therefore, urges the administration in the strongest terms to convene a task force on foreign assistance consisting of high-level representatives of the Department of State, AID, the Department of Defense, DEA, and the other agencies directly involved, to synthesize the information contained in the various reports published this year and, in close consultation with the relevant congressional committees, devise a comprehensive plan of action for the future.

Historical Totals of U.S. Foreign Assistance

As in the past, the Committee is including in its report several tables and graphs, updated with the latest available data, which illustrate certain trends in U.S. foreign assistance.

TABLE I.—TRANSFER OF U.S. RESOURCES TO FOREIGN NATIONS

[In millions of dollars]

	Fiscal year—		
	1988 (actual)	1989 (estimate)	1990 (proposed)
Military assistance	5,329.1	5,381.2	5,841.5
Economic assistance	8,866.6	9,064.3	9,497.4
Total foreign assistance	14,195.7	14,445.5	15,338.9

TABLE II.—DEFENSE EXPENDITURES AND DEVELOPMENT ASSISTANCE

[Dollars in millions]

Country	Defense expenditures [1] (1987)		Net official development assistance [2] (1987)	
	Amount	Percent of GNP	Amount	Percent of GNP
Australia	$4,986	2.5	627	0.33
Austria	[1] 1,447	1.2	196	.17
Belgium	4,163	3.0	689	.49
Canada	8,835	2.2	1,885	.47
Denmark	2,141	2.2	859	.88
Finland	NA	NA	433	.50
France	34,830	4.0	6,525	.74
Germany, Federal Republic of	34,130	3.0	4,391	.39
Greece	2,902	6.2	NA	NA
Ireland	NA	NA	51	.20
Italy	18,350	2.5	2,615	.35
Japan	24,320	1.0	7,454	.31
Luxembourg	73	.8	NA	NA
Netherlands	6,543	3.1	2,094	.98
New Zealand	755	2.2	87	.26
Norway	2,775	3.4	890	1.09
Portugal	1,131	3.2	NA	NA
Spain	6,906	2.4	NA	NA
Sweden	4,434	2.9	1,377	.88
Switzerland	[1] 3,726	2.1	547	.31
United Kingdom	31,580	4.7	1,865	.28
United States	296,200	6.5	8,945	.20

[1] Estimate based on partial or uncertain data.

[2] NA—Not available.

Historical Totals of U.S. Economic and Military Assistance

The following table contains information relating to the totality of U.S. foreign assistance (economic and military) furnished to other nations during the period fiscal years 1946–89. It has been extracted from information assembled and presented by the Agency for International Development in the current edition of its publication, U.S. Overseas Loans and Grants.

U.S. FOREIGN ASSISTANCE, FISCAL YEARS 1946–89

[In millions of dollars]

	Economic assistance	Military assistance	Total
Total economic and military assistance, fiscal years 1946–88	212,480	130,905	343,385
Total other U.S. loans and grants, fiscal years 1946–88	55,632	.....	55,632
Economic and military assistance, fiscal year 1989 (estimated)	9,448	5,381	14,829
Grand total	277,560	136,286	413,846

U.S. ECONOMIC AND MILITARY ASSISTANCE DETAIL BY REGION AND BY COUNTRY—FISCAL YEARS 1946–88

[In millions of dollars]

Country	Economic assistance	Military assistance	Total
Near East and South Asia:			
Afghanistan	579.8	5.6	585.4
Bahrain	2.4	.....	2.4
Bangladesh	2,502.0	2.6	2,504.6
Bhutan	5.8	.....	5.8
Cyprus	262.2	.....	262.2
Egypt	14,847	12,105.1	26,952.4
Greece	1,901.8	6,495.9	8,397.7
India	11,214.8	147.8	11,362.6
Iran	761.9	1,404.9	2,166.8
Iraq	45.5	50.0	95.5
Israel	15,025.7	25,826.8	40,852.5
Jordan	1,798.8	1,510.9	3,309.7
Lebanon	348.7	265.8	614.5
Maldive Islands	2.7	.1	2.8
Nepal	407.4	2.9	410.3
Oman	121.3	167.9	289.2
Pakistan	7,122.0	2,488.3	9,610.3
Saudi Arabia	31.8	292.3	324.1
Sinai support mission	.....	.....	.....
Sri Lanka	1,036.2	6.8	1,043.0
Syria	353.3	.1	353.4
Turkey	4,326.8	9,894.7	14,221.5
Yemen, Arab Republic	384.8	41.2	426.0
Yemen, Peoples Democratic Republic of	4.5	.....	4.5
Central Treaty Organization (CENTO)	39.6	.....	39.6
Gaza	1.7	.....	1.7
Near East and South Asia regional	658.7	.1	658.8
Regional total	63,787.3	60,709.9	124,497.2
Latin America:			
Argentina	181.0	263.6	444.6
Bahamas	.3	.2	.5
Barbados	3.8	.3	4.1
Belize	96.6	2.7	99.3
Bolivia	1,130.2	87.6	1,217.8
Brazil	2,200.8	640.0	2,840.8
Chile	1,186.9	217.0	1,403.9
Colombia	1,391.9	292.2	1,684.1
Costa Rica	1,385.8	38.7	1,424.5
Cuba	4.0	16.1	20.1
Dominican Republic	1,271.2	87.6	1,358.8
Ecuador	686.2	167.9	854.1
El Salvador	2,542.6	869.1	3,411.7
Grenada	59.9	.1	60.0
Guatemala	1,061.7	62.1	1,123.8
Guyana	126.2	5.5	131.7
Haiti	663.4	12.8	676.2
Honduras	1,346.2	429.5	1,775.7
Jamaica	1,119.6	33.2	1,152.8
Mexico	421.3	16.2	437.5
Nicaragua	380.2	29.7	409.9
Panama	553.0	62.4	615.4
Paraguay	208.4	30.7	239.1
Peru	1,327.4	277.4	1,604.8
Suriname	6.4	.2	6.6
Trinidad and Tobago	40.9	.2	41.1
Uruguay	165.6	90.4	256.0

U.S. ECONOMIC AND MILITARY ASSISTANCE DETAIL BY REGION AND BY COUNTRY—FISCAL YEARS 1946–88—Continued

[In millions of dollars]

Country	Economic assistance	Military assistance	Total
Venezuela	202.9	152.9	355.8
Caribbean regional	589.3	31.0	620.3
Regional Office Central America and Panama—ROCAP	638.9	.....	638.9
Central American regional	.....	.....	.....
Latin America regional	1,000.5	12.3	1,012.8
Regional total	21,992.9	3,929.8	25,922.7
East Asia:			
Burma	241.5	90.3	331.8
China, Peoples Republic of	2.3	.....	2.3
Hong Kong	43.8	.....	43.8
Indochina Associated States	825.6	731.5	1,557.1
Indonesia	3,526.8	658.8	4,185.6
Japan	2,686.2	1,239.6	3,925.8
Kampuchea	918.3	1,280.3	2,198.6
Korea, Republic of	6,068.7	8,791.4	14,860.1
Laos	905.8	1,606.7	2,512.5
Malaysia	92.0	194.4	286.4
Philippines	3,395.6	1,734.1	5,129.7
Ryukyu Islands (U.S.)	413.8	.....	413.8
Singapore	2.8	19.5	22.3
Thailand	1,013.3	2,285.3	3,298.6
Vietnam (South), Republic of	6,945.3	16,416.1	23,361.4
Western Samoa	17.9	.....	17.9
Taiwan	2,212.7	4,360.4	6,573.1
Asia regional	644.8	.....	644.8
Regional total	29,957.3	39,408.3	69,365.6
Africa:			
Algeria	203.6	.3	203.9
Angola	33.9	.....	33.9
Benin (Dahomey)	74.6	.4	75.0
Botswana	273.8	30.8	304.6
Burkina Faso	289.0	.8	289.8
Burundi	74.1	.8	74.9
Cameroon	285.4	28.4	313.8
Cape Verde	79.9	.3	80.2
Central African Republic	44.9	1.2	46.1
Chad	178.8	28.3	207.1
Comoros	8.2	.1	8.3
Congo, Republic of	21.8	.1	21.9
Djibouti, Democratic Republic of	35.6	11.0	46.6
Entente States	41.7	.....	41.7
Equatorial Guinea, Republic of	10.8	1.4	12.2
Ethiopia	630.8	262.7	893.5
Gabon	25.9	16.1	42.0
Gambia, The	86.3	.2	86.5
Ghana	526.6	3.2	529.8
Guinea	273.5	9.1	282.6
Guinea-Bissau	44.1	.2	44.3
Ivory Coast	53.6	1.1	54.7
Kenya	776.3	254.8	1,031.1
Lesotho	255.7	.1	255.8
Liberia	751.6	93.0	844.6
Libya	212.5	17.6	230.1
Madagascar	140.9	4.4	145.3
Malawi	224.5	4.2	228.7
Mali	339.2	4.4	343.6

U.S. ECONOMIC AND MILITARY ASSISTANCE DETAIL BY REGION AND BY COUNTRY—FISCAL YEARS 1946–88—Continued

[In millions of dollars]

Country	Economic assistance	Military assistance	Total
Mauritania	158.8	.5	159.3
Mauritius	74.1	.1	74.2
Morocco	1,660.5	903.0	2,563.5
Mozambique	256.0	.....	256.0
Niger	359.8	25.0	384.8
Nigeria	437.0	2.1	439.1
Redso/ea	.....	.....	.....
Redso/ea	.....	.....	.....
Rwanda	122.4	2.0	124.4
Sao Tome and Principe	6.1	.1	6.2
Senegal	481.8	33.8	515.6
Seychelles	23.2	.1	23.3
Sierra Leone	163.6	.4	164.0
Somalia	700.6	239.1	939.7
South Africa, Republic of—OSARAC	162.4	.....	162.4
Sudan	1,379.7	372.7	1,752.4
Swaziland	130.1	.3	130.4
Tanzania	480.6	.....	480.6
Togo	128.2	.5	128.7
Tunisia	1,13.4	696.5	1,830.9
Uganda	151.9	.4	152.3
Zaire	1,085.4	350.5	1,435.9
Zambia	454.7	.....	454.7
Zimbabwe	325.3	1.1	326.4
Sahel regional	260.6	.....	260.6
East Africa (regional Dev. Office)	33.3	.....	33.3
South Africa, Republic of	58.0	.....	58.0
Africa regional	906.9	11.9	918.8
Regional total	17,133.0	3,415.0	20,548.0
Europe:			
Albania	20.4	.....	20.4
Austria	1,135.2	122.0	1,257.2
Belgium	589.1	1,275.3	1,864.4
Czechoslovakia	193.0	.....	193.0
Denmark	276.5	640.1	916.6
Finland	51.2	0.7	51.9
France	3,917.0	4,548.6	8,465.6
Germany, Democratic Republic of	0.8	.....	0.8
Germany, Federal Republic of	3,843.4	939.4	4,782.8
Hungary	32.7	.....	32.7
Iceland	76.9	0.2	77.1
Italy	3,420.8	2,545.3	5,966.1
Malta	83.9	0.5	84.4
Netherlands	1,027.6	1,284.7	2,312.3
Norway	299.9	943.8	1,243.7
Poland	712.0	.....	712.0
Portugal	1,195.5	1,232.4	2,427.9
Republic of Ireland (formerly Ireland)	247.6	.....	247.6
Romania	22.4	.....	22.4
Spain	1,083.3	3,439.8	4,523.1
Sweden	109.0	.....	109.0
Switzerland	.....	.....	.....
United Kingdom	7,672.1	1,107.4	8,779.5
U.S.S.R.	186.4	.....	186.4
West Berlin	131.9	.....	131.9
Yugoslavia	1,734.1	723.4	2,457.5
European regional	618.3	.....	618.3

U.S. ECONOMIC AND MILITARY ASSISTANCE DETAIL BY REGION AND BY COUNTRY—FISCAL YEARS 1946–88—Continued

[In millions of dollars]

Country	Economic assistance	Military assistance	Total
Regional total	28,681.0	18,803.5	47,484.5
Oceania:			
Australia	8.0	115.6	123.6
New Zealand	4.3	4.3	8.6
Pacific Islands, Trust Territory of the	824.2		824.2
Papua New Guinea	7.1	0.3	7.4
Oceania regional	132.1	1.3	133.4
Regional total	975.6	121.5	1,097.1
Canada	17.5	13.0	30.5
Interregional activities	49,935.3	4,502.7	54,438.0
Grand total	212,479.8	130,903.7	343,383.5

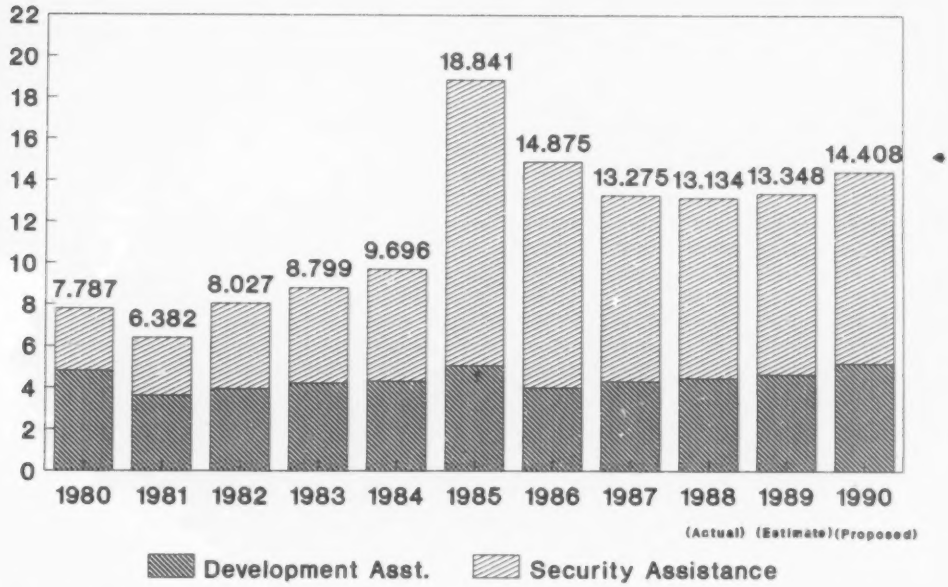
Historical Appropriations of U.S. Foreign Assistance

Appropriations for activities authorized under the Foreign Assistance Act and related authorizing legislation, which is the subject of the following two historical graphs, comprise only part of the total U.S. foreign assistance effort. Food aid authorized under Public Law 480, for instance, is a major, though less important, foreign aid program omitted from this compilation.

A second graph shows this same information in constant dollars for fiscal years 1980–90.

APPROPRIATIONS FOR FOREIGN ASSISTANCE

FY 1980 - FY 1990 (Billions of Dollars)



NOTE.—Security assistance consists of military assistance program grants, international military education and training, foreign military credit sales, Indochina postwar reconstruction, security supporting assistance, economic support fund, peacekeeping operations, Middle East special requirements fund, relocation of facilities in Israel, Sinai support mission, antiterrorism assistance, guarantee reserve fund, and Central American reconciliation assistance.

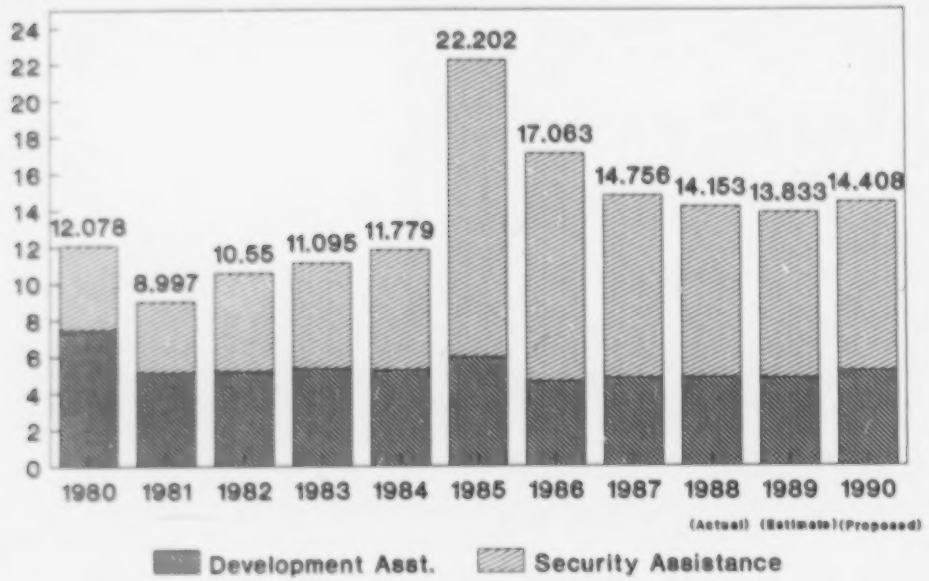
Development assistance consists of functional development assistance, international organizations and programs international financial institutions, American schools and hospitals abroad, international disaster assistance, migration and refugee assistance, Peace Corps, foreign service retirement fund, international narcotics control, contingency fund, operating expenses, and other assistance programs.

Development assistance includes appropriations of callable capital for the Multilateral Development Banks: Fiscal year 1979—$883,000,000, fiscal year 1980—$1,783,000,000. No funds were appropriated for callable in fiscal year 1981 to fiscal year 1989. Data excludes IMF supplementary financing facility.

Detail may not add to totals due to rounding.

APPROPRIATIONS FOR FOREIGN ASSISTANCE

FY 80-90 (Constant 1990 $ in billions)

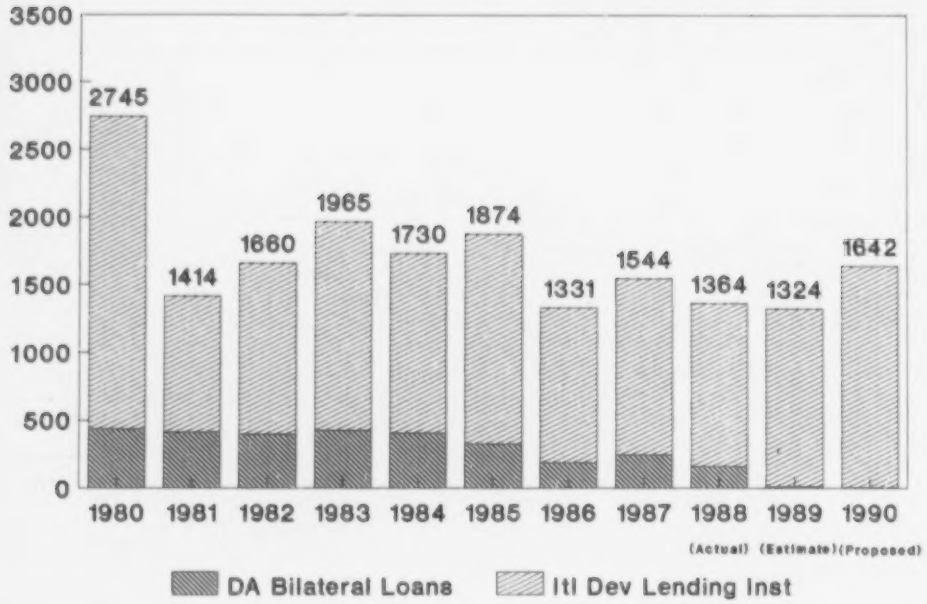


Overall Development Lending

The following graphs depict appropriations for both bilateral and multilateral programs over the past 10 years in current and constant dollars.

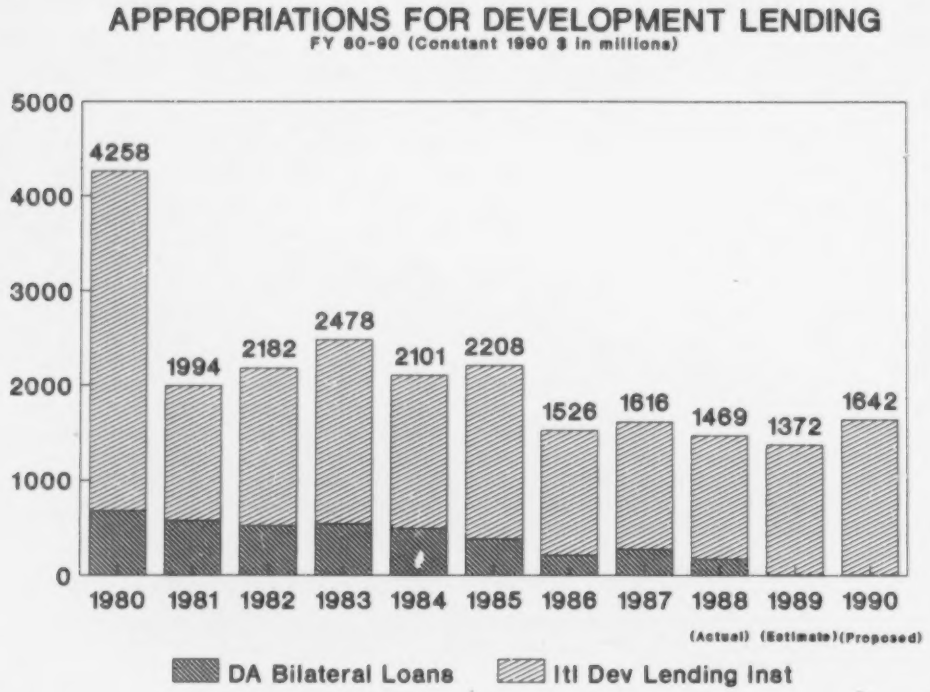
APPROPRIATIONS FOR DEVELOPMENT LENDING

FY 1980 - 1990 (Millions of Dollars)



Source: The Agency for International Development

Notes: Functional Development Assistance and Economic Support Fund were appropriated in FY 1989 and requested in FY 1990 as all grant programs.



Nations Most in Need of Assistance

The following table lists the total dollar economic assistance per country of the Agency for International Development's program by ascending per capita gross national product. Also shown by this table is the cumulative percent of the Agency's program. Following the table is a map which shows those countries most in need of assistance as measured in terms of their per capita gross national product.

AGENCY FOR INTERNATIONAL DEVELOPMENT, TOTAL DOLLAR ASSISTANCE PER COUNTRY LISTED BY PER CAPITA GROSS NATIONAL PRODUCT

[Dollars in thousands]

Country	GNP per capita (1987)	Fiscal year 1988		Fiscal year 1989		Fiscal year 1990	
		Dollar level	Cumulative percent	Dollar level	Cumulative percent	Dollar level	Cumulative percent
Zaire	150	$29,000		$33,000		$33,000	
Chad	150	15,403		16,000		16,000	
Bangladesh	160	59,316		61,254		55,000	
Nepal	160	12,450		12,000		12,000	
Malawi	160	28,065		17,000		20,000	
Guinea-Bissau	160	1,250		2,000		2,000	
Mozambique	170	15,000		15,000		20,000	
Tanzania	180	7,610		11,000		10,000	
Burkina	190	577		2,750		3,000	
Mali	210	17,425		14,000		19,000	
Madagascar	210	19,300		14,000		19,000	

AGENCY FOR INTERNATIONAL DEVELOPMENT, TOTAL DOLLAR ASSISTANCE PER COUNTRY LISTED BY PER CAPITA GROSS NATIONAL PRODUCT—Continued

[Dollars in thousands]

Country	GNP per capita (1987)	Fiscal year 1988		Fiscal year 1989		Fiscal year 1990	
		Dollar level	Cumulative percent	Dollar level	Cumulative percent	Dollar level	Cumulative percent
Gambia	220	3,394		3,500		5,000	
Burundi	250	5,200		1,850		6,000	
Zambia	250	10,000		7,000		5,000	
Niger	260	32,211		20,000		18,000	
Uganda	260	23,500		10,500		18,000	
Sao Tome	280	200		300		300	
Togo	290	3,573		3,750		4,000	
Somalia	290	9,883		48,250		24,000	
India	300	23,700		24,000		25,000	
Rwanda	300	4,753		8,000		8,000	
Sierra Leone	300	610		500		500	
Sudan	330	13,220		36,350		22,000	
Kenya	330	41,121		40,000		39,000	
Central African Republic	330	1,400		2,000		2,000	
Pakistan	350	384,000		265,000		300,000	
Haiti	360	30,872		24,500		28,000	
Comoros	370	700		700		700	
Nigeria	370	10,000		11,500		11,500	
Lesotho	370	19,316		10,000		8,000	
Ghana	390	6,020		8,000		15,000	
Sri Lanka	400	26,800		26,800		18,000	
Subtotal		855,869	21.14	750.504	16.45	767.000	17.99
Equatorial Guinea	130–450	1,250		1,000		1,000	
Mauritania	440	1,030		3,000		3,000	
Indonesia	450	40,537		42,000		43,000	
Liberia	450	8,751		32,000		15,000	
Cape Verde	500	1,750		2,500		3,000	
Cambodian Resistance	−520	3,500		5,000		7,000	
Guinea	−520	16,135		12,000		15,000	
Afghanistan	−520	45,047		45,000		70,000	
Burma	−520	5,150					
Senegal	520	20,250		42,000		32,000	
Zimbabwe	580	5,000		5,000		5,000	
Bolivia	580	37,422		47,500		51,725	
Philippines	590	70,017		338,000		215,000	
Yemen	590	22,095		21,000		21,150	
Morocco	610	32,540		32,500		27,500	
Egypt	680	717,820		930,000		815,000	
Swaziland	700	7,349		6,500		6,000	
Dominican	730	32,447		30,550		36,355	
Cote d'Ivoire	740			500		500	
Honduras	810	129,939		123,000		130,200	
Subtotal		1,198,029	29.59	1,719,050	37.69	1,497,000	35,12
Nicaragua (NED)	830			2,000			
Thailand	850	21,900		18,598		19,500	
El Salvador	860	265,721		268,992		247,800	
Congo	870	500		500		500	
Jamaica	940	19,128		74,800		41,000	
Guatemala	950	109,807		113,524		122,275	
Cameroon	970	18,118		20,000		20,000	
Ecuador	1,040	14,142		24,800		24,528	
Botswana	1,050	10,087		8,000		7,000	
Tunisia	1,180	10,873		11,250		12,500	
Turkey	1,210	32,000		60,000		60,000	

AGENCY FOR INTERNATIONAL DEVELOPMENT, TOTAL DOLLAR ASSISTANCE PER COUNTRY LISTED BY PER CAPITA GROSS NATIONAL PRODUCT—Continued

[Dollars in thousands]

Country	GNP per capita (1987)	Fiscal year 1988		Fiscal year 1989		Fiscal year 1990	
		Dollar level	Cumulative percent	Dollar level	Cumulative percent	Dollar level	Cumulative percent
Colombia	1,240			5,000			
Belize	1,240	7,400		7,600		9,175	
Peru	1,470	27,749		16,500		19,155	
Mauritius	1,490	850		1,500		1,500	
Jordan	1,560	18,175		15,000		35,000	
Fiji	1,570					1,000	
Costa Rica	1,610	101,750		98,500		68,000	
Subtotal		658,200	16.26	746,564	16.37	688,933	16.16
South Africa	1,890	25,000		34,900		24,900	
Poland	1,930	6,775		6,225		1,000	
Lebanon	520–1,930	4,698		2,796		2,000	
Djibouti	520–1,930	3,407		3,207		3,000	
Panama	2,240	1,103					
Portugal	2,830	32,013		50,000		50,000	
Seychelles	3,120	2,800		3,000		3,000	
Cyprus	5,200	10,000		20,000		7,000	
Oman	5,810	13,000		15,000		20,000	
Spain	6,010	3,202					
Ireland	6,120	35,000		10,000			
Israel	6,800	1,200,000		1,200,000		1,200,000	
Subtotal		1,336,998	33.02	1,345,128	29.49	1,310,900	40.74
Country program total		4,049,096	100.00	4,561,246	100.00	4,264,263	100.00
Noncountry programs		1,427,479		1,506,856		1,507,862	
Grand total		5,476,575		6,068,102		5,772,125	

NOTES

GNP per capita data from the World Bank.
Dollar levels include functional development assistance, African development fund, and the economic support fund.
Noncountry programs include regional programs, centrally funded programs, AID operating expenses, international disaster assistance, American schools and hospitals abroad, HIG borrowing authority, miscellaneous trust funds, deob/reob estimates, and Central American reconciliation assistance.

UNLIQUIDATED BALANCES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

Below is a table showing the unliquidated balances of the Agency for International Development.

UNLIQUIDATED BALANCES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

(As of March 31, 1989)

[In thousands of dollars]

Development assistance:	
Functional development assistance: [1]	
Agriculture, rural development, and nutrition	1,862,283
Population planning	479,445
Health	425,973
AID's prevention and control	27,966
Child survival	155,221
Education and human resources development	336,902
Selected development activities	420,056

(As of March 31, 1989)—Continued

Undistributed	(603,517)
Subtotal functional development assistance	3,104,329
American schools and hospitals abroad	26,298
Operating expenses [2]	115,532
Operating expenses, inspector general	16,722
Prototype desalting plant	37
International disaster assistance	51,706
Sahel development program [1]	127,369
Sub-Saharan and South African development assistance	584,532
Central America reconciliation assistance	33,899
Private sector revolving fund	32,747
Trade and development programs	24,837
Assistance to Portugal and Portuguese colonies	(22)
Total, development assistance	4,117,986
Security assistance:	
Indochina postwar reconstruction	237
Security supporting assistance	10,063
Economic support fund	3,485,116
Middle East special requirements fund	3,104
Total, security assistance	3,498,520
Total unliquidated balances	7,616,506
Less: Accrued expenditures	(1,065,622)
Total Agency pipeline	8,682,128

[1] Includes local support costs (funds authorized to be used for selected operating expense and inspector general operating expenses in fiscal years 1986 and 1987).

[2] Excludes local support costs (funds authorized to be used for selected operating expense and inspector general operating expenses in fiscal years 1986 and 1987).

ITEMS OF SPECIAL INTEREST

HONOR ROLL

This year the Committee is inaugurating a new section to its annual report. This section, to be known as the honor roll, will recognize men and women who gave their lives in service to our Nation's foreign assistance program. This year has been particularly tragic with the untimely death of USAID Administrator, Alan Woods, and the crash of the plane carrying Congressman Mickey Leland and his delegation in the mountains of Ethiopia. The Committee mourns the loss of these courageous individuals who gave selflessly of their time and talent to the alleviation of poverty and the cause of international peace.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Alan Woods began his career in public service 20 years ago as press assistant to President Richard Nixon. He rose rapidly from this position to become Deputy Director of Presidential Personnel in the Ford White House in 1974, Civilian Chief of Staff to the Secretary of Defense in 1975, and then Assistant Secretary of Defense in 1976.

Seeking the opportunity to broaden his Washington experience, Alan accepted the position of vice president of DGA International in 1977, a firm engaged in defense and civil aerospace consulting. He later developed an expertise in international trade while serving as vice president for technology, Sears World Trade and as Deputy U.S. Trade Representative, responsible for trade negotiations affecting manufacturing, agricultural, and service industries. He was appointed Administrator of AID by President Reagan in 1987.

Alan Woods will be remembered for many things. He was an excellent manager, an eloquent spokesman, and an effective implementor of Agency programs. Yet, what will stand as his most lasting monument will be the report he authored entitled: "Development and the National Interest: U.S. Economic Assistance into the 21st Century." The report has served as a catalyst for a vigorous debate over the future of our country's foreign aid program. It examines the history of U.S. foreign assistance, its successes and failures, and recommends that steps be taken to improve its effectiveness.

Thomas J. Worrick, the Acting AID representative in Ethiopia, joined the Agency in 1974 as an agricultural project manager following a Peace Corps assignment in Ethiopia. During the intervening years, he served as an agricultural economist in Nigeria, Tanzania, Pakistan, Kenya, Liberia, and Washington. When, in 1987, drought and the prospect of famine resurfaced in Ethiopia, Tom

volunteered to serve in that beleaguered country as a general development officer intimately involved with famine and refugee relief activities.

Roberta Worrick was a talented painter and a recognized author. Her two books, "Come to Africa and Save Your Marriage," a book of short stories, and a novel, "Antonia Saw the Oryx First," both written under the pen name Maria Thomas, reflect the intimate knowledge and sensitivity Roberta felt for the people of the African continent. Her fluency in the Amharic language was remarkable and allowed her to become even closer to the Ethiopians for whom she cared so much. Roberta was a Peace Corps volunteer in Ethiopia in the early 1970's with her husband. During the intervening period, she accompanied her spouse on various AID assignments in Nigeria, Tanzania, Pakistan, Kenya, Liberia, Washington, and Ethiopia. In 1987 and 1988, during the latest Ethiopia drought, she worked with AID as a food monitor, traveling widely throughout Ethiopia, overseeing the emergency efforts of the different cooperating sponsors.

Ato Debebe Agonafer, the senior foreign service national agricultural economist with AID in Ethiopia, joined the Agency in 1985. He was educated as an agricultural economist at Alemaya Agricultural University in Ethiopia and received his masters degree in economics from Makerere University in Uganda. Ato Debebe played a key role in preparing the mission's analysis and assessment of Ethiopia's food crop and agricultural production. He also was the coauthor, with Mr. Worrick, of the 1989 Ethiopia food needs assessment.

Gladys D. Gilbert, the special projects officer with AID in Ethiopia, joined AID in 1977 following a Peace Corps assignment in India. She had worked with AID as a public health specialist and project development officer in India, Nepal, and Washington, as well as in Somalia. During the height of the Ethiopian drought in 1985–86, she also spent extended periods as an emergency food monitor in Ethiopia.

She was responsible at USAID for the health and nutrition responses to the drought emergency situation as well as the locust and orphan programs in Ethiopia. During her tours in Washington and the field, she was key in setting up population and family planning programs in Somalia, Malawi, Uganda, and other Eastern and Southern African countries.

UNITED STATES CONGRESS

Mickey Leland was elected to the U.S. House of Representatives in November 1978 and was reelected to each succeeding Congress. Congressman Leland represented the 18th Congressional district located in Houston, TX. He was chairman of the House Select Committee on Hunger, and in that capacity earned his reputation as a vigorous advocate for the world's hungry. The mission to Ethiopia which ended in his tragic death was only his latest visit to that impoverished, war-torn country. He was known throughout Africa for his tireless efforts to alleviate the suffering of the world's poorest people.

Congressman Leland was appointed as an at-large whip by the House leadership for the 100th Congress.

During 1985 and 1986, Congressman Leland served as chairman of the Congressional Black Caucus for the 99th Congress.

Long active in the Democratic Party, Congressman Leland was a member of the Democratic National Committee [DNC] from 1976–85. He served as chairman of the DNC's Black Caucus from 1981–85 and, in that capacity, served on the DNC Executive Committee.

CONGRESSIONAL STAFF

Patrice Johnson, Leland's chief of staff, was one of three congressional aides aboard. A former Houston lawyer and past national board member of the Urban League, she joined Leland's staff as legislative director in April 1987 and became his top aide last January.

She was a 1976 summa cum laude graduate of Fisk University, where she majored in political science and public administration. She also has a law degree from New York University and a master's degree in public affairs from Princeton University.

Hugh Anderson Johnson, was an international team leader with the House Select Committee on Hunger. He was a former lawyer for the Department of Energy.

Johnson was born in North Carolina and grew up in Washington, graduating from Gonzaga College High School. He received his undergraduate degree at Morehouse College and his law degree from Columbia University in 1980.

Johnson spent a year in Rio de Janeiro as counsel to a Brazilian law firm and also worked as a traffic court examiner with the District government. He left the Energy Department in March to join the staff of the Hunger Committee.

Joyce Francine Williams worked for Rep. Ronald V. Dellums and was invited by Leland to go on the trip because of her expertise in infant mortality, nutrition, and other health-care issues.

She was born in Atlanta and received a bachelor's degree from Florida A&M University and a master's degree in social work from Howard University.

Williams also worked as a legislative assistant to Sen. Edward M. Kennedy (D-Mass.) and on the staff of the House Committee on the District of Columbia. In 1979 she was named an Outstanding Young Woman of America.

Ivan L. Tillem, a New York lawyer and philanthropist, became a close friend of Leland's through their shared concern for Ethiopian Jews. Among his many charitable concerns was a project to develop food relief programs in Ethiopia.

DEPARTMENT OF STATE

Marie D. Burke, a personnel officer, was murdered by an intruder in her London apartment on May 25, 1989. She was born in 1925 in New Jersey, and had been a member of the Foreign Service since 1971. She was assigned to London at the time of her death.

John Butler, a political officer, was murdered in St. Georges, Grenada, on June 28, 1989, while on duty. He was born in 1956 in

California, and had been a member of the Foreign Service since 1980.

Matthew Gannon, an economic officer, died in the crash of Pan Am 103 on December 21, 1988. He was born in 1954 in California, and had been a member of the Foreign Service since 1979. He was working in the Bureau of Economic and Business Affairs at the time of his death.

Ronald Lariviere, a security officer, died in the crash of Pan Am 103 on December 21, 1988. He was born in 1955 in Massachusetts, and had been a member of the Foreign Service since 1987. He was assigned to Beirut at the time of his death.

Daniel O'Connor, a security officer, died in the crash of Pan Am 103 on December 21, 1988. He was born in 1957 in Massachusetts, and had been a member of the Foreign Service since 1986. He was assigned to Nicosia at the time of his death.

Robert W. Woods, a political officer, died in the plane crash in Ethiopia that also took the life of Congressman Leland, on August 7, 1989. Mr. Woods was born in 1964 and had joined the Foreign Service in March 1989. He was assigned to Addis Ababa at the time of his death.

PEACE CORPS

Jan N. Hinkley, served in Peace Corps' Office of Congressional Relations. Previously, she worked in the office of Senator Ted Stevens of Alaska. During her years of service Jan Hinkley provided invaluable assistance to this Committee. She was a trusted friend, an earnest worker, and a forceful advocate for the world's needy. Truly one of the Peace Corps finest. Jan was killed in an automobile accident outside of Washington, DC, earlier this summer.

Scott Glotfelty, age 27, a veterinarian and resident of Accident, MD, died on March 23, 1988, in Dapaong, Togo as a result of multiple bee stings. He entered Peace Corps in June 1987 and was engaged in a pioneer project with a small animal husbandry extension program in Mandouri, Togo.

Danuta Kossowska, a resident of Durham, NC, died on her 73d birthday, April 4, 1988, in Bangkok, Thailand from injuries suffered after being struck by a bus. She was completing 2 years of Peace Corps service as an English instructor at Srinakarinwirot University in Songkla, Thailand.

Matthew Sherman, age 22, a resident of Minster, OH, died September 8, 1988 in Tegucigalpa, Honduras of accidental gunshot wounds. He had just completed his Peace Corps training and was scheduled to swear in as a volunteer on the day following his death.

Andrew Karrar, age 24, resident of Worthington, OH, died on November 7, 1988, in a boating accident in Palau, Micronesia. Mr. Karrar worked as an advisor and teacher in the youth development program on the island of Kayangel, Palau from his entry into Peace Corps in June 1987 until his death.

Juanita Quiton, age 39, resident of Portland, OR, died on December 16, 1988 of multiple injuries sustained in a single-car accident near Belfast, South Africa, while traveling to Zimbabwe for the Christmas holidays with three companions. Ms. Quiton entered

Peace Corps in October 1987 and served as an adult education instructor, promoting home-based industry at the Sithobelo Rural Education Center.

Brenda Crawford, age 27, resident of Frostburg, MD, died on December 16, 1988, of multiple injuries sustained in a single-car accident near Belfast, South Africa, while traveling to Zimbabwe for the Christmas holidays with three companions. Ms. Crawford began her service with Peace Corps in June 1987 and worked as an urban planner with the Swaziland Department of Land Utilization and Natural Resources.

Steven Butler, age 36, resident of Trenton, NJ, died on December 21, 1988, in the crash of a Pan American plane near Lockerbie, Scotland, while traveling home on an emergency leave. Mr. Butler began his service with Peace Corps in June 1988 and worked as a beekeeping extensionist in northern Tunisia.

Michelle Drabiski, age 23, resident of Youngstown, OH, died on March 30, 1989, due to a head injury sustained in a bus accident outside Asuncion, Paraguay. Ms. Drabiski entered Peace Corps training on January 29, 1989, and was assigned to a rural nursing health program.

Dorthy G. Osborne, age 69 of Ridgewood, NJ, died of complications after emergency surgery in Miami, FL. Ms. Osborne served as a Peace Corps volunteer for 8 years, her last assignment being in the Dominican Republic. In May 1981, Ms. Osborne began her Peace Corps career in Belize after raising three children on a farm in Pennsylvania. While in Belize, Dorthy was an assistant 4-H director and nutrition instructor. Following her service there, she continued to serve for a second term in the Solomon Islands teaching in a rural training center for women. She then transferred to Kenya to work with women's cooperatives. She served her fourth term of service as a small enterprise development worker in the Dominican Republic. Ms. Osborne died August 11, 1989.

EARMARKS

Each year as the Committee prepares the foreign operations bill, representatives of the administration argue against the practice of earmarking or requiring funding levels for specific countries or programs in the different accounts of the bill. This year, Secretary of State James Baker made a special point of urging the Committee to forego or at least to reduce substantially earmarking in the bill. As real resources for U.S. foreign assistance decline, Secretary Baker argued, the need for executive branch flexibility in allocating scarce funds becomes even greater. According to Secretary Baker, high levels of earmarking by Congress—exceeding 95 percent in the "Foreign military sales" and "Economic support fund" accounts—forces the executive branch to make all the cuts fall on the nonearmarked countries, sometimes causing a termination of programs to key friends and allies, with damage to U.S. foreign policy and security relationships.

The Committee recognizes the force of the arguments made by Secretary Baker. Earmarking is not a device the Committee pursues lightly or in ignorance of the hard choices it places on the executive branch or, indeed, on the Committee itself. The reality is,

however, that earmarking is the means by which the Committee, and Congress as a whole, establishes its priorities in the allocation of limited foreign assistance resources and ensures that those priorities are respected by the administration. An objective review of earmarked countries, programs, and funding levels over the last several years would show that Congress earmarked at or very near the administration request in the great bulk of the cases. The Committee is convinced the real source of the concern over earmarking is not reduced administration flexibility and discretion, but the very difficult decisions among competing needs caused by the real decline in resources to meet U.S. foreign assistance objectives.

Frankly, the Committee has seen little evidence the executive branch is willing or able to make those difficult decisions. Instead, reflecting longstanding clientitis, the foreign assistance agencies tend to parcel out the declining resources in ever smaller packets, ensuring that recipient countries continue to receive something. The Committee does not believe this is the most effective use of scarce foreign assistance. In the Committee's view, it is necessary to set priorities, make hard choices, and ensure that the foreign policy and national security interests of the United States in key countries are met, even if this means reductions or even termination in assistance levels to second and third tier countries.

The question of earmarking was repeatedly discussed in Committee hearings on foreign assistance this year. Efforts to reform foreign assistance legislation, structure and goals included attempts to define other ways for Congress to participate effectively in the setting of foreign aid funding priorities. There clearly is an interest in exploring how the administration might have more flexibility to meet unforeseen foreign assistance needs or to respond to unanticipated crises, while at the same time preserving Congress' power to determine the purposes for which funds may be spent by the executive branch. The Committee repeatedly indicated to the representatives of the executive branch its willingness to discuss this question with an open mind, thus far with little substantive response. The Committee stands ready to engage in a dialog with the administration on earmarking and alternatives, so long as it is clearly understood that this Committee will protect the constitutional power of the purse and Congress' unfettered right to determine how appropriated monies will be expended.

Assistance for War Victims

Last year the Committee included a provision in its bill authorizing AID to use up to $5,000,000 from the "Development assistance" and "Economic support fund" accounts to provide artificial limbs to civilian victims of war. After a slow start, AID sent a team of American doctors and prosthetists to Uganda and Mozambique to assess the possibility of using part or all of these funds there. The team found that the needs of civilian amputees in both countries are very great. Because of civil war, thousands of children and adults are crippled by injuries and disease resulting from a lack of medical and surgical treatment and interruption of the immunization program. Qualified orthopedic surgeons are nonexistent, with the result that amputations and other surgical care is improper for

the fitting of artificial limbs and braces. Bracing services which would aid many of these people are unavailable. There are virtually no qualified prosthetist-orthotists or physical therapists, thus there is no base for building indigenous self-sustaining rehabilitation programs. There is little or no collaboration between the medical services and the prosthetic services.

The team concluded that "only an all-encompassing approach to the rehabilitation of these disabled people will work, starting with trained orthopedic surgeons, accessible and functioning operating rooms, training qualified local personnel to both administer the program and provide the services, initiating a program in orthotics, and increasing communication of all people involved in the system." The team recommended that AID provide funding to the International Committee for the Red Cross and other nongovernmental organizations that are attempting to address these needs, as well as start a program to bring American orthopedic surgeons and prosthetists to these countries to train local physicians and technicians. The team estimated it would cost a bare minimum of $3,970,000 over 3 years to do this.

The Committee commends the fine work of the AID team and recognizes that a comprehensive approach to this problem is needed. The Committee believes there is a largely untapped resource of skilled American physicians who would welcome the chance to assist in this effort. Accordingly, the Committee has modified the bill language to allow for such an all-encompassing approach, including a program of rotating American physicians.

The Committee understands that accomplishing the goals outlined by the AID team, particularly training local personnel, will take several years. Additionally, the Committee reiterates its concern about the huge numbers of civilian amputees in Angola and Southeast Asia, and encourages AID to send teams to assess the possibilities for starting similar programs there. In order to emphasize its ongoing commitment to this effort, the Committee has earmarked $5,000,000 to continue and expand these activities in fiscal year 1990. The Committee has included language in the bill requiring that these activities be funded equally from both the "Development assistance" and "Economic support fund" accounts.

While the Committee is gratified by the serious effort AID has made in initiating this program, the Committee is also aware of some concern in AID that assisting victims of war in this manner is not development. The Committee would first note that humanitarian assistance has from the outset been an important objective of U.S. foreign assistance and has the strong support of the American public. Moreover, the Committee is convinced that responding to health needs is an integral part of the development process. Individuals who are suffering from crippling disabilities cannot become productive members of society and contribute to economic development.

Expropriation Claims

From time to time American citizens bring to the attention of the Committee actions taken by foreign governments which allegedly deprive them without due process of law or adequate compen-

sation of property, investments, or the means of earning their livelihood. Less frequently, but with some regularity, foreign governments or their agents approach the Committee asking that it intervene on their behalf to resolve disputes regarding claims brought by American citizens who allege that the foreign government has expropriated their property or resources.

It often is extremely difficult for the Committee to ascertain the factual aspects of expropriation cases, quite apart from the sensitive political and foreign policy dimensions of these matters. Moreover, the resolution of such cases can require lengthy legal proceedings involving the diplomatic and judicial apparatus of both the United States and the foreign country. Clearly, the Committee must limit its involvement in such matters, with the primary responsibility for protecting the interests of American citizens abroad residing in the Department of State. It is the Department of State, through its Office of Investment Affairs, which has the duty to move expeditiously and efficaciously to resolve cases brought to its attention.

Unfortunately, the Department of State has not fulfilled its responsibility to the satisfaction of many American citizen claimants. Over the last several years the Committee has become acquainted with a number of cases which have gone unresolved, even though the State Department has rendered its assistance and good offices, for over 10 years or more. Frustrated or dissatisfied, American citizens with unresolved claims have increasingly been turning to the Committee for assistance, often using the foreign assistance program for leverage over the foreign government in question. The Committee is becoming a kind of court of last resort for unresolved expropriation claims, despite the primary responsibility of the Department of State for such matters.

In the course of its action on the fiscal year 1987 supplemental appropriations bill, the Committee, together with its counterpart Committee in the House of Representatives, was presented with competing claims in one of the most contentious of expropriation claims ever to come before the Committee. The matter at issue was a very complex case involving the Government of Honduras and an American citizen, Mr. Temistocles Ramirez. In their report the conferees expressed their belief that it was inappropriate for the U.S. Government or the Congress to decide the merits of the case or to establish levels of the appropriate compensation.

The conferees did, however, attempt to contribute to the resolution of the dispute. The Committee withheld disbursement of $20,000,000 in ESF funds earmarked for Honduras pending a settlement, and directed the appointment of a neutral factfinder by the Department of State, with the agreement of the American citizen claimant. Subsequently, upon presentation of a report by the factfinder and agreement by the Government of Honduras to settle on the basis of the report, the Committee approved the release of $5,000,000 of the withheld ESF. However, the American claimant was dissatisfied with the factfinder report and a further examination of the case was made with yet another mutually agreed factfinder. That report has now been presented and once again the Government of Honduras indicates it is prepared to settle the claim on the basis of the new report. Once again, the American

claimant is dissatisfied with the proposed settlement and seeks another evaluation of his claim.

In the interests of encouraging a mutually acceptable settlement of this case, and in recognition of Honduras's stated willingness to accept the factfinder's report, the Committee includes a provision in the bill authorizing release of an additional $5,000,000 of the withheld ESF to Honduras and encouraging the parties to settle on the basis of the new factfinder report. However, the Committee cautions that its patience with this case is nearing an end. It also stresses that this extraordinary case should not be viewed as a precedent for future involvement by the Committee in issues which are properly the responsibility of the Department of State and the courts.

The Committee is dismayed at the failure of the Department of State to move expeditiously to resolve alleged expropriation questions using existing authorities granted by Congress. The Committee believes that the appropriate authorizing committees and the executive branch should review the Hickenlooper amendment, the primary legislation on U.S. actions in expropriation cases, and consider ways for the U.S. Government to deal more effectively and expeditiously with these types of situations.

The Committee directs the Department of State to prepare a report on the status of all pending expropriation claims of U.S. citizens and business enterprises by December 1, 1989. Included in this report should be a detailed explanation of what specific action has occurred on those cases which have been enumerated in previous reports requested by the Committee. Where no action has occurred, an explanation should be given of that inaction.

The Committee is increasingly concerned about the amount of time which must be spent on examining claims, both by the State Department and the Committee itself. While many claims are justifiable and merit U.S. Government assistance, others are exaggerated or insubstantial. Therefore, the Committee directs the Department of State to undertake a review of the legal and policy implications of establishing a procedure whereby claimants would, at some point in the process, be required to present their claims under oath. This review should be submitted to the Committee by April 15, 1990.

OPTUR.—The Committee has recently learned of a very disturbing dispute between the Government of Honduras and La Sociedad Mercantil Operaciones Turisticas, SA [OPTUR] whose principal stockholder is a United States citizen. OPTUR owns and operates property in Honduras including two casinos; one in the capital city of Tegucigalpa and one on the island of Roatan.

OPTUR is presently involved in a tax controversy with the Honduran Government. The United States State Department has recognized the potential discrimination against United States business interests presented by the current posture of the Honduran Government. In September 1988, it submitted a diplomatic note to the Honduran Foreign Ministry requesting a review of this matter pursuant to the nondiscrimination provisions of the United States-Honduran Treaty of Friendship, Commerce, and Consular Rights. Requests to dismiss this tax claim have also been made through formal *de marches* and in other meeting with the Honduran leader-

ship. The Committee has been informed that no meaningful action to resolve this matter has been taken in nearly 1 year, and that the Honduran Government has yet to even respond to the United States diplomatic note.

The State Department's actions in resolving this matter have not yet been successful in provoking meaningful settlement negotiations. The Committee would appreciate any additional effort the Department might undertake to enforce the treaty obligations of the Government of Honduras. The Committee expects the Department of State to provide, no later than December 15, 1989, a report on additional efforts it has made to assist in the resolution of this dispute.

Human Rights

The Committee believes that human rights is a necessary and important element of U.S. foreign policy, and that decisions concerning U.S. foreign assistance levels and programs must take into account the human rights record of recipient governments. In the long run, U.S. foreign policy interests and security will be enhanced where governments promote and protect the fundamental human rights and freedoms of their own people.

The Committee is very concerned that a number of current laws, including sections 502B and 116(a) of the Foreign Assistance Act, which prohibit military and economic assistance to governments that engage in systematic violations of human rights, have not been enforced by recent administrations. Often this has been due to a reluctance to offend the foreign country and jeopardize U.S. relations with that country. While U.S. assistance has on occasion been reduced or its delivery slowed because of human rights violations, in many more instances the administration has ignored the restrictions. The Committee believes this failure to link U.S. assistance more directly to human rights behavior makes a mockery of our commitment to protect human rights both at home and abroad.

Besides enforcing existing laws, the Committee believes that for human rights to receive its proper attention in the U.S. foreign assistance decisionmaking process, it must be integrated in a much more consistent and systematic way into that process. Unfortunately, the existing process is often prejudicial to the consideration of human rights. For example, the Committee has learned that in determining security assistance needs and levels, a key element—the annual assessment of a country's security situation prepared by the U.S. Embassy in that country (the annual integrated assessment of security assistance or AIASA)—does not consider or analyze the impact of the recommended assistance on human rights.

While the administration has periodically launched strong human rights initiatives, the Committee believes there are major flaws within the U.S. Government bureaucracy in the manner in which U.S. human rights policies are formulated and implemented. The Committee has identified the following deficiencies in these processes that contribute significantly to this problem:

Country human rights strategies.—The Committee notes the absence of any country-specific plan to address known human rights problems. In its annual country reports of human rights practices,

the Department of State identifies and documents human rights violations around the world. This report, while extremely useful in focusing attention to human rights behavior of countries, is not followed up by any systematic attempt to formulate country-specific strategies to improve the reported conditions. As a result, U.S. human rights policy tends to be reactive and ad hoc, and less effective than if it reflected a strategy formulated in advance.

The Committee, therefore, urges the Department of State to institute procedures for the annual preparation of human rights country plans for a minimum of 10 countries where the most serious human rights problems exist and where the United States has influence through its assistance programs. These country plans should take into account problems identified in the annual country reports, and (a) evaluate current U.S. efforts to improve human rights conditions in the country and (b) propose a multiyear strategy designed to achieve specific improvements by using assistance and other levers and inducements available to the U.S. Government. The Committee recommends that the preparation of the plans should be undertaken by relevant U.S. Embassies but should also include the active participation of the State Department's regional bureaus, as well as the Bureau of Human Rights and Humanitarian Affairs. The consultation process should also include other appropriate Federal agencies. Each human rights country plan should finally be approved by the Secretary of State.

Interagency coordination.—A second major deficiency is the absence of an effective mechanism to coordinate human rights policy among the many departments of the U.S. Government that administer assistance programs. The Committee, therefore, strongly urges the administration to establish a high-level coordinating group to review and coordinate U.S. human rights policy decisions. Such a group should be chaired by a senior official in the Department of State, and should include similarly high-level representatives of executive departments and agencies responsible for programs having an impact on human rights, including the Department of the Treasury, Defense, AID, Agriculture, Commerce, Labor, the National Security Council, and the Office of the U.S. Trade Representative. The coordinating group's jurisdiction should include all countries which receive U.S. security assistance, arms sales, and multilateral and bilateral economic assistance. To be most effective, its approval should be required prior to administration actions that have direct human rights implications to ensure that the programs, policies, and activities of the various agencies and departments are coordinated and consistent with overall U.S. human rights policy and individual country strategies.

If the administration is not prepared to establish an interagency coordinating mechanism for human rights policy and assistance as suggested here, at the very least it should provide for full representation of human rights offices from the relevant agencies on existing mechanisms for coordinating policy on security, economic, and other types of assistance.

Human rights training for foreign service officers.—The Committee is also concerned about the lack of adequate training for foreign service officers, military officers, assistance professionals, and others involved in assistance programs and policy in U.S. human

rights law, procedure, issues, and problems. Given the sensitivity of U.S. relations with aid recipients having human rights problems, the Committee believes that such preparation is an essential prerequisite to the effective implementation of both human rights and foreign assistance policy and strategy.

The Committee, therefore, urges the Department of State, the Agency for International Development, the Defense Security Assistance Agency, the Treasury, and other agencies and departments involved in foreign assistance programs to develop and institute regular and required human rights training programs for all levels of officials engaged in foreign aid activities.

Reprogramming and Initiation of New Programs

The Committee's responsibilities require that it be fully informed as to the nature, funding level, and location of each activity, program, project, type of materiel assistance, or other operation for which funds are appropriated in this bill. Moreover, the Committee must be able to inform the Senate of the amounts of assistance proposed for each country and regional program.

Any activity, program, project, type of materiel assistance, or other operation specifically set forth by amount to be obligated in fiscal year 1990, and by country in the fiscal year 1990 congressional presentation document shall be deemed to have been justified and the Committee informed. Conversely, any activity, program, project, type of materiel assistance, or other operation not specifically set forth by amount to be obligated in fiscal year 1990, and by country in the fiscal year 1990 congressional presentation document shall be deemed not to have been justified and the Committee not informed. In addition, any matter specifically deleted by the Committee in this report shall be deemed not to have been justified for purposes of reprogramming requirements. Also, the Committee has directed in its bill that for certain countries any assistance to be provided in fiscal year 1990 be notified in advance of obligation.

In furtherance of the Committee's oversight responsibilities, it directs that the departments and agencies concerned notify the chairman and the ranking minority member of the Subcommittee on Foreign Operations 15 days in advance of the initiation of any activity, program, project, type of materiel assistance, or other operation which was not specifically set forth by amount to be obligated in fiscal year 1990 and by country in the fiscal year 1990 congressional presentation document. In addition, notification should also be made before substantial changes are made in the amounts specified for such activity, program, project, country, type of materiel assistance, or other operation in the congressional presentation document for obligation in fiscal year 1990.

Moreover, the Committee expects to be informed about any reduction in or cancellation of projects or programs presented in the congressional presentation document. Whenever possible, the Committee should be notified in advance of any reduction or cancellation; at a minimum, the Committee expects to be informed about such reductions or eliminations on a quarterly basis. These quarterly reports should be submitted to the chairman and ranking minority member of the Subcommittee on Foreign Operations.

STINGERS

The Committee remains concerned that the transfer of Stinger antiaircraft missiles overseas and the lax controls which often govern their storage and disbursal could constitute a real danger to the security interests of the United States and its allies. The Committee has been in the forefront of efforts to control the transfer of Stinger and other types of sophisticated missiles abroad where they could fall into the hands of terrorists or of nations hostile to the security of the United States, Israel, and other friends and allies.

The Committee recognizes the delicate and sensitive foreign policy interests involved in the transfer of the Stinger missile and its associated technology to non-NATO nations, especially to nations in the volatile Middle East or to freedom fighters in Southwest Asia. This weapon is the most sophisticated and effective man-portable surface-to-air missile in the world and poses a potential threat in the wrong hands as a terrorist weapon as well as a danger to United States and allied military aircraft. A recent Army report indicated that large numbers of Stingers transferred to the Afghan mujahedeen in the war against Soviet occupiers and the Kabul regime remain lost or unaccounted for. There are reports that Stingers have fallen into the hands of Iran.

The Stinger is one of the most effective antiaircraft missiles in production today. Due to its small size, portability, concealability, and accuracy, it is an ideal terrorist weapon. The Army report concluded that the Stinger missile used by Afghan guerrillas against Soviet forces in the Afghanistan civil war changed the nature of combat and was the war's decisive weapon.

The Committee directs that not later than April 15, 1990, the Secretary of State and the Secretary of Defense provide the Committee with a full, and complete accounting of all Stinger missiles transferred overseas, including their final disposition and current storage and protection, on a classified basis if necessary. Furthermore, the Committee remains opposed to the sale of Stingers to Persian Gulf countries, with the exception of Bahrain under specifically defined conditions. The Committee is including language in the bill that will continue existing prohibitions on the transfer of Stinger missiles to the Persian Gulf region, except to Bahrain. The provision requires the President to determine that the missiles are required by Bahrain to counter an immediate air threat, that no other appropriate system is available from the United States, and that Bahrain has agreed to safeguards to prevent diversion of the missiles as stipulated by the United States. The provision requires that Bahrain agrees in writing to resell the missiles back to the United States by September 30, 1990, unless the President determines that these conditions have been met.

The Committee also recommends language in the bill prohibiting the sale of any defense articles or services to Qatar until the President notifies the Congress that Qatar has returned to U.S. control all Stinger missiles Qatar obtained illegally.

USE AND CONTROL OF LOCAL CURRENCIES

For many years, the Committee has expressed its concern over the way the Agency for International Development utilizes and

controls local currencies generated by the U.S. foreign assistance program. In any discussion of this problem, the first point which needs to be made is that local currencies are a very valuable foreign assistance commodity. In fact, in some countries it is only through the use of local currencies that we are able to fund and help direct development.

Over the years, and especially more recently, AID's inspector general has documented case after case of either misuse or lack of control of these currencies from Costa Rica to Egypt and from Ecuador to the Philippines. Many of the recurring problems with respect to this issue are due to the inherent conflict between AID's desire for substantial flexibility to program these local currencies through the host government structure, and the inspector general's attempts to carry out his responsibility to see that such funds are monitored and properly audited, even if under the control of a foreign government. The extreme positions in the issue of local currency accountability are on the one hand that we should treat these funds as though they were dollars, with all the monitoring and auditing that goes into controlling direct U.S. foreign assistance, and, on the other, that while we do attempt to agree to and monitor the use of local currency funds, they really belong to the host government and we do not possess the right to demand accountability in the same way as dollars.

A resolution to this conflict must be found which ensures continued use of these valuable resources while at the same time ensuring that auditing authorities are able to document their use. The Committee would be the first to acknowledge the difficulties of the issue, with the sensitivities of foreign governments involved, the question of adequacy of staff resources to track local currency funds, the lack of agreed accounting and control procedures and standards. Nevertheless, the Committee is increasingly concerned at the potential for waste, fraud, and abuse in the use of local currencies generated through U.S. foreign assistance programs.

The Committee was tempted to solve this problem through legislation, but has thus far refrained from doing so. The Committee suggests instead that one last effort be made to secure agreement from all parties, including Congress, on the proper utilization and control of these funds. Therefore, the Committee expects the Agency for International Development to undertake a cooperative effort with the inspector general and the relevant Committees in Congress to devise a more effective monitoring and control policy with respect to the local currency issue before fiscal year 1991 legislation is considered by the Congress. Should such an effort not be forthcoming, or fail to be productive, the Committee will reconsider the need for comprehensive legislation to address the problem of local currency.

In the interim, the Committee has included language in the bill requiring that local currencies generated from U.S. assistance to the government of a foreign country through programs under the "Development assistance" or "Economic security assistance" accounts be deposited in a special account by such government. The language further requires that the United States seek agreement with the foreign government as to the terms and conditions under which such local currencies can be used, and the responsibilities of

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the administering agency and the foreign government to monitor and account for funds used from this special account. However, the Committee does not regard this language as dispositive of the issue. If the consultative effort described above does not lead to broad agreement between Congress and the executive branch on steps needed to settle the issue of local currency, the Committee will return to the question of more far-reaching legislation next year.

AID—EXCHANGE RATES

The Committee is concerned that programs which receive U.S. foreign assistance funding, and operate in countries with nonconvertible currencies and differential rates of exchange, receive the most favorable exchange rate allowable under local law. The Committee has learned that United States educational and humanitarian foundations operating in the People's Republic of China [PRC] have been exchanging currency provided under the United States foreign assistance program at the official rate and not the more favorable local rate available to some Chinese institutions. By one estimate, this has increased the operating cost of carrying out these programs by approximately 30 percent or, put another way, it reduces the value of the U.S. assistance by nearly one-third. Since it is the government of the PRC which sets the country's various exchange rates, and it is the Government which maintains a keen interest in seeing Western exchange programs continue, the Committee feels it is reasonable to expect the leaders of the PRC to assist these financially hard-pressed programs to continue their good work. Accordingly, the Committee urges the executive branch to pursue the question of a more favorable exchange rate in the People's Republic of China for programs receiving United States foreign assistance funds.

AID–OICD

This Committee has been critical of the lack of coordination between different Government agencies, particularly those who shared jurisdiction for Public Law 480. An exception can be found in the relationship between the Agency for International Development [AID] and the Office of International Cooperation and Development [OICD] at U.S. Department of Agriculture [USDA]. A collaborative relationship has existed between AID and USDA since the early 1950's. Since 1978 that collaboration has been coordinated by OICD. Through OICD, AID has been able to tap into a vast network of agricultural and scientific resources both within the Department of Agriculture as well as in universities and private agribusiness enterprises throughout the country. OICD is uniquely qualified to perform this function because of the skill of its staff in being able to identify on an individual basis the right match for AID's requests.

This is particularly true in the area of participant training. Unlike private contractors that manage much of AID's participant training, OICD has a qualitative advantage. It can use technical subject expertise to review specific training requests on an individualized basis, and then draw from its vast network of resources to precisely match participants to appropriate institutions or courses.

Although cost of this service may be higher than that provided by a private contractor, the benefits far outweigh the cost. This Committee would encourage AID to make full use of the services available through OICD, particularly in its international training and technical assistance programs. We would expect AID to at least maintain its program levels with OICD at their historic levels and hope that they would find ways of increasing the utilization of OICD's expertise.

Telecommunications

The Committee notes with satisfaction the progress which both the Agency for International Development and the Export-Import Bank are making in assisting countries with improvements to their communications sectors. Efficient telecommunications is not a luxury reserved for the industrialized world. Rather, it is essential to the promotion of economic progress and investment in a world market where the most up-to-date information often provides a competitive edge. Recent studies regarding the impact of telecommunications on economic development have shown a strong positive correlation between economic growth and communications capabilities in developing nations, particularly those with more sophisticated economies.

Today, access to ideas and information is as crucial as capital, geography, and raw materials were in the past. In the Omnibus Trade and Competitiveness Act of 1988, Congress noted the growing importance of telecommunications, both as a foreign policy tool and as a key export sector. Moreover, the Department of State has called the expansion of the economic and social benefits of developing nations one of the most important goals of U.S. international communications and information policy.

The Committee commends USAID and Exim Bank for their foresight in the promotion of telecommunications in developing nations and encourages both agencies to continue their assistance in improving telecommunications infrastructure in these countries.

COUNTRY ISSUES

Afghanistan

The Committee recommends $70,000,000 for bilateral programs in Afghanistan, as well as an additional $13,500,000 which is appropriated under the "International organizations and programs" account as a contribution to the new United Nations Afghanistan emergency trust fund.

The Committee strongly supports those who have fought to rid Afghanistan of Soviet occupation. While the United States has been the leader thus far in helping Afghanistan determine its own destiny, the United States alone cannot afford to rebuild that country once peace is established. Therefore, the U.N. trust fund, established so that multilateral action can be taken in situations like this, deserves congressional and executive branch support. The Committee urges the factions within Afghanistan will resolve their differences so that peace can make way for the rebuilding of the country.

The Committee commends the Agency for International Development for its efforts to develop limited cross-border relief programs for war-torn Afghanistan. Since the State Department does not allow employees of the U.S. Government to enter into Afghanistan, much of this relief effort is actually conducted by citizens of other countries employed by private relief organizations.

The Committee is concerned, however, that this assistance is not being identified as United States aid, but is instead seen by Afghans as aid given by the governments of the European expatriates implementing these programs on our behalf. Furthermore, if these programs continue, the Committee believes that the United States Government needs an effective mechanism for directly monitoring and evaluating the effectiveness of programs in Afghanistan.

The Committee urges the State Department and the Agency for International Development to make a more active effort to ensure that U.S. cross-border aid programs are clearly identified with the U.S. Government. Furthermore, the Committee believes that AID should find ways to directly monitor and evaluate the effectiveness of cross-border relief programs in Afghanistan.

During their 10-year occupation of Afghanistan, the Soviet Union reportedly sowed as many as 30 million antipersonnel and antivehicular mines in Afghanistan. Clearing these mines will be a necessary prerequisite for reopening roads, restoring food production, and, in the end, saving thousands of lives. However, international mine-awareness and demining efforts for Afghanistan appear wholly inadequate for dealing with the realities of the mine-clearing problems which exist in Afghanistan.

The Committee has received reports that U.N. mine-awareness training for Afghan refugees has been halted by the Government of Pakistan. Training in mine-eradication is reportedly hampered by limited technologies being made available to support demining efforts.

The Committee places a high priority on effective mine-awareness and eradication training. Furthermore, it believes that the U.S. Government should make every effort to encourage the international community to support a larger-scale demining effort than is currently being planned, including development of new technologies and acquisition of equipment which will allow large-scale demining to proceed.

BANGLADESH

The Committee recommends that the Defense Security Assistance Agency [DSAA], under authorized activities of the Civic Action Program, include the provision of $2,000,000 in nonlethal excess United States military equipment to the Government of Bangladesh for use in disaster relief and reconstruction operations. Furthermore, the Committee expects that any assistance utilized by the Bangladesh military for such shall be administered exclusively by the Bangladesh Relief Ministry. Assistance to Bangladesh shall be subject to regular notification procedures.

The Committee recognizes the important role played by the Bangladesh military in flood relief operations and wishes to encourage

its work as well as strengthen the institutions of democratic government.

CAMBODIA

The Committee was encouraged by recent diplomatic developments concerning Cambodia, including the convening of an international conference in Paris. While the results of the conference, intended to provide a negotiated framework for the withdrawal of Vietnamese military forces from Cambodia and for a successor regime to the current Hun Sen government in Pnom Penh, were disappointing, the Committee believes that the fact that these discussions occurred at all is cause for some hope that peace may finally come to this ravaged country.

The Committee believes the United States has an important role to play in the continuing diplomacy concerning Southeast Asia, including the future of Cambodia. The Committee believes that preventing the return to power, even a share of power in a coalition government, of the genocidal Khmer Rouge, is critical to the continued support of administration policy by Congress and the American people. During the critical phases of negotiations and diplomacy which lie ahead, continued United States support, including material support, for the non-Communist Cambodian Resistance will be important. In the congressional presentation documents for fiscal year 1990 foreign assistance, the administration requested $7,000,000 to "continue to provide nonlethal assistance" to the non-Communist Cambodian Resistance. Therefore, the Committee is earmarking up to $7,000,000 from the economic support fund for the continued provision of nonlethal assistance to the Cambodian Resistance, and expects to be notified through the regular programming procedures of any proposed change in the nature of the program as justified.

CAMEROON

Notwithstanding the Government of Cameroon's acknowledgment of its responsibility for the health care of one of her nationals, the Georgetown University Hospital continues to provide inpatient care for this individual. As of the end of July 1989, this former employee of the Cameroon Embassy cost that hospital approximately $450,000. The Committee understands that the Georgetown Hospital is willing to dedicate approximately $200,000 of this outstanding debt to a fund to be established to provide her with proper medical care at a proper long-term chronic care facility. Thus far, however, the government of the Republic of Cameroon has refused to live up to its responsibility with respect to care for this former official.

In the meantime, the Georgetown Hospital continues to provide care which is very expensive and for which it receives no assistance. Therefore, the Committee directs the Department of State to immediately intercede in order to resolve this matter and directs that the Agency for International Development not expend any funds on the Cameroon foreign assistance program until the matter is satisfactorily resolved.

El Salvador

The Committee finds that since 1980 the United States has provided $3,600,000,000 in aid to El Salvador. Of that amount for a country the size of Massachusetts with only 5 million people, $1,100,000,000 was military aid and $1,500,000,000 was economic support funds, of which a large part was cash to support balance-of-payments. During this same period an estimated 70,000 people died in the war in El Salvador and the standard of living of many Salvadorans fell, especially the rural poor. The per capita GDP growth rate in 1988 was negative 0.8 percent, down 1.6 percent from the previous year.

During the presidency of Napolean Duarte, the Reagan administration and the Congress were largely united behind his efforts to strengthen democracy and protect human rights. President Duarte was a courageous leader with a strong commitment to democratic principles. Yet, while his achievements were many, most notably a growing acceptance of elections as the legitimate way to obtain political power, some improvement in respect for human rights, and an opening of the political space which enabled opposition leaders in exile to return and join the political process, Duarte was unable to achieve national reconciliation or to control corruption within his own government. Indeed, during the past several years while all eyes in Congress were on Nicaragua, official corruption in El Salvador was rampant, the war raged unchecked, and the economy suffered. Largely for these reasons, Duarte's Christian Democrats were soundly defeated in the 1989 elections.

The Arena party, which currently controls all branches of government, has a reputation for encouraging right-wing violence and protecting the interests of the elite. Its founder, Roberto D'Aubuisson, has been linked to death squads and is suspected of having a role in an assassination attempt against a former American Ambassador and the murder of Archbishop Romero.

President Cristiani faces the awesome challenge of convincing the country's working class that, despite Arena's reputation, his government is committed to building on Duarte's accomplishments, and capable of doing so. He must quickly broaden his base of support and demonstrate that he can begin a process of negotiations to end the war and salvage the country's failing economy. Otherwise, the Committee fears that the gains of the recent past will be lost and the polarization which continues to badly divide the country will worsen.

The Committee is profoundly concerned by continued frequent reports of serious human rights abuses. Political killings and abductions by the extreme right and left have increased from last year. Physical and verbal threats against church workers, campesino leaders, and students by the police and military are an everyday occurrence. Arrests and reports of beatings and disappearances of members of these groups by security forces are also common.

The FMLN has admitted to murdering local mayors and several prominent politicians, in addition to engaging in economic sabotage. These deplorable actions raise serious questions about the FMLN's willingness to join the democratic process.

Despite regular assurances from the administration in recent years that human rights were finally being taken seriously by the Salvadoran Government, no military officer has ever been convicted of a human rights violation. Indeed, as recently as last September, when 10 peasants were massacred near the town of San Francisco, the military insisted it was not responsible despite evidence to the contrary. Only when the U.S. Embassy made it clear that a new investigation was in order were members of the military arrested and charged. As in the December 1980 murders of four American churchwomen, and the January 1981 killings of two American labor organizers and a Salvadoran labor leader, the military officers suspected of giving the assassination orders remain at large.

The Committee has once again withheld $5,000,000 in military assistance pending significant progress in the 1981 case described above. These funds are also being withheld pending a resolution of the San Francisco murders. The Committee notes that these funds have been withheld for several years with little results other than additional human rights abuses by the military. The Committee emphasizes that its patience is all but spent on this issue.

While the Committee recognizes the efforts of the U.S. Embassy to reform the Salvadoran judicial system, the fact remains that civilian judges are either unwilling or unable to enforce the law against military officers in a country where the military continues to wield enormous political power. The Committee fears that the United States, having said nothing publicly about the blatant corruption of the Duarte years, nor spoken out consistently and forcefully about the ongoing human rights abuses and the failure of the Salvadoran Government to bring those responsible to justice, is seen by many Salvadorans as unconcerned about their welfare. The Committee has received reliable reports that not only campesino and religious leaders, but certain top military officials as well, see the United States as out of touch with the realities and urgent needs of the country.

The Committee is convinced that the American people will not support unending war in El Salvador. At the same time, the United States will not stand by and allow the FMLN to destroy the fragile democracy that has taken root there. Both sides, in addition to informed observers, believe the war is in a stalemate. More battles fought and more lives lost will not bring victory or peace. A negotiated solution is the only answer. The Committee is encouraged by President Cristiani's formation of a committee to represent him in a dialog with the FMLN, and the FMLN's announcement that it will participate and refrain from some economic sabotage. The Committee believes strongly that the genuine support of this process by the Salvadoran military is critical, that the United States must use its influence with President Cristiani and the military to keep the process going, and that Congress must also have a role.

During the Duarte years the Reagan administration was convinced the Salvadoran Government could win the war and refused to pressure the military to support negotiations. The administration ignored repeated expressions of concern by many members of this Committee about the level of political violence and the lack of

pressure by the administration on the Salvadoran military to support a process of negotiations.

The Committee emphasizes that continued military assistance will depend, in large part, on the extent to which President Cristiani and the military make a serious and sustained effort to negotiate an end to the war. Similarly, to the extent that the Cristiani government actively protects human rights including prosecuting those responsible for abuses, opens the political system to nonviolent elements, and addresses the basic needs of the majority of the Salvadoran people, U.S. assistance can continue.

For the above reasons, the Committee believes strongly that this is not an appropriate time to increase assistance to the Salvadoran military, and has, therefore, limited military assistance to last year's level of $85,000,000. The Committee also believes that Congress must have a meaningful role in shaping a policy that has been so terribly costly in lives and dollars, and so divisive of the U.S. Government and the American people. The Committee, therefore, requires that these funds be disbursed in three equal segments, the first two of which are to be disbursed automatically after the administration reports to and consults with Congress on El Salvador, with a special focus on two central points—efforts by the Salvadoran Government to negotiate peace, and to improve human rights. The final segment will be subject to normal reprogramming procedures of the Committee, giving Congress the option to block or reduce that amount if it decides that the policies of either the administration or the Salvadoran Government are failing to move the conflict toward a political solution.

The Committee believes that this mechanism will also encourage the FMLN to seek a political settlement. It will enable assistance to reach the Salvadoran military without delay or reduction if Congress decides that the FMLN is not negotiating in good faith. The Committee emphasizes that it is crucial that both the Salvadoran military and the FMLN know that their support for negotiations and respect for human rights will be pivotal to Congress' decision to support further military aid.

The Committee is also concerned about increasing numbers of reports of harassment and intimidation by the military of members of religious and other humanitarian organizations who are serving the poor in conflicted areas. Often, access is denied by local military commanders despite the fact that these individuals carry passes from the army chief of staff. Shipments of food, medicines, and other humanitarian items have also been intercepted by the military and the contents confiscated. International workers have been detained by the military and advised to leave the country. While the Committee recognizes the right of the Salvadoran military to control access to conflict zones, the Committee cannot stress enough the importance it gives to ensuring that established humanitarian organizations are able to deliver humanitarian items and services to the poor in these areas. It has, therefore, included bill language requiring the President to certify that the military and security forces are allowing these organizations to operate in those areas.

Finally, the Committee emphasizes that El Salvador, like its neighbor Nicaragua, is at a crossroads. Years of civil war have

caused hundreds of thousands of Salvadorans to flee their homeland. Virtually no family has escaped human, physical or psychological loss in this tragic conflict. The moment has come when fundamental choices must be made by the leaders of both sides in El Salvador about finding a way to struggle for political power without devastating the country and massacring its population. The United States is a massive influence in the Salvadoran conflict, and the Committee believes it is time for us to use that influence to assist the sides to find a negotiated political settlement so that, after a decade of brutal struggle, the Salvadoran people might at last have a chance for peace.

GUINEA

The Committee notes that since 1984, the Government of the Republic of Guinea has been implementing a dramatic structural adjustment program aimed at freeing the economy from state control and instituting a policy framework that will encourage the development of a market-oriented economic system. The government has eliminated most price controls, significantly devalued its currency, laid off one-third of its civil servants and disengaged itself from the private sector. The Committee commends the Government of Guinea for its pursuit of one of the most sweeping reform programs in Africa.

The Committee further notes that the World Bank, the International Monetary Fund and the Agency for International Development are unanimous in their praise for Guinea's economic reforms and in pointing to Guinea as one of the outstanding examples of those countries pursuing growth-oriented economic policies. However, while the Committee is pleased by the significant progress Guinea has made to reform its economy, it believes that these steps must soon result in a better life for the people of that country. According to UNICEF's "State of the World's Children 1989," only seven countries have higher infant mortality rates than Guinea. The average life expectancy of adults is 43 years. Only 40 percent of men and 17 percent of women are literate. The Committee, as indicated elsewhere in this report, endorses the macroeconomic reform programs advocated by the World Bank, IMF, and AID, but only to the extent that they result in sustainable, long-term improvements in the standard of living of the majority of people.

The Committee is surprised by the relatively low level of assistance the administration has requested for Guinea from the Development Fund for Africa, particularly in light of the administration's decision to allocate DFA resources to reward the major high-performers on economic reform. The Committee urges the Agency for International Development to increase funding under the DFA for Guinea as a demonstration of support for courage in implementing economic reforms, and to offset the hardships that some of these reforms have caused for the poor.

HUNGARY

The Committee is encouraged by the dramatic transformation taking place in Hungary's foreign and economic relations. The Government's recent dismantling of its portion of the Iron Curtain,

symbolized by the barbed-wire security fence which separated the country from its Western neighbors, marks a new chapter in European history. The Committee shares the excitement of the world's democracies which watched as Hungary defied its Warsaw Pact allies, and just 2 weeks ago allowed nearly 10,000 East Germans to seek freedom in the West.

The Committee is confident that an even closer relationship can be forged between Hungary and the rest of Europe, and that Hungary can once again serve in its traditional role as a bridge between the two halves of the continent. Its liberal economy and industrious workforce can contribute much to the stimulation of Soviet Bloc societies, long stagnant and teetering on the edge of economic ruin.

The Committee is pleased to be able to offer $5,000,000 in economic support funds as an incentive for further democratization and as a symbol of the continuing friendship of our two peoples.

KENYA

The Committee remains concerned about the human rights situation in Kenya, long a bastion of democracy and freedom in a continent where both are, regrettably, rare. The Committee has had concerns in a number of areas, including the detention of political prisoners without charge, allegations of torture in the Kenyan security forces, repression of a free press and changes in Kenya's constitutional structure affecting life tenure for judges and voting procedures. The Committee unfortunately continues to receive reports of human rights abuses by the government, particularly mistreatment of political opponents and dissidents.

At the same time, the Committee notes some progress in two of these areas: detention without charge and police torture. Last year, there were 11 detainees in Kenya, but in June President Moi ordered the release of the last of these when, over a 5-day period, 7 detainees were released.

With regard to torture, President Moi personally investigated this issue when concerns were raised in the Congress, and determined that there was indeed a problem. The internal security chief and the commissioner of police were both fired, and, in a case setting an example for others, four police officers were tried and convicted of torture and murder in the case of a suspect who died in custody. Those officers are now serving 15- to 20-year prison sentences. President Moi, in a speech to graduating police cadets, publicly condemned the practice of torture and made clear that officers engaging in the practice will be prosecuted to the fullest extent of the law.

Unfortunately, offsetting these constructive steps, the government closed organs of the press and repressed political dissent. In May, the Financial Review, a respected periodical often critical of the government, was banned. This was the second publication to be closed by the government for critical reporting this year. The government appears to be unable to tolerate a free press. In Kenya, it seems to be a case of two steps forward, one step backward. Progress is being made, but more slowly than should be the case.

Therefore, while the Committee welcomes the progress which has occurred in the area of human rights, it urges the Government of Kenya to take further steps to increase freedom and democracy in Kenya. The Committee notes that public relations campaigns to draw attention to the release of political prisoners held without charge—persons who should never have been in detention in the first place—are not substitutes for a genuine respect for human rights and civil liberties by the government and the security forces.

To its credit, Kenya has assisted in the resolution of one of Africa's worst human disasters, the forced starvation of thousands in the southern Sudan. The Government of Sudan has at times refused to allow relief supplies to be provided to those starving in the south. However, Kenya has allowed its borders to serve as the conduit for food and supplies, and Kenya is contributing its own food and other resources to this humane and desperately needed cross-border relief program. The program is the sole source of food and medical supplies to large numbers of Sudanese.

Kenya is also playing a mediating role in the negotiations between the Government of Mozambique and RENAMO, aimed at ensuring full representation of all Mozambicans in that country's government. While the results of Kenya's offer to mediate the conflict remain to be seen, its willingness to proffer its good offices is commendable.

The Committee is also pleased to note Kenya's important role in conservation and environmental issues. Kenya is a leader in Africa into the fight to save the world's fragile environment, and the host country to the United Nations' Environment Program. Kenya's continuing progress in the management and protection of its own resources is to be commended. In particular, the Committee believes that Kenya's efforts to balance the needs of its game parks and of its cattle ranchers through careful range management should serve as a model to other nations in Africa which face many of the same problems.

Finally, the Committee notes Kenya's leadership in efforts to ban trade in ivory. The decision by Kenya to promote a total ban on ivory trade and the clear message sent by the burning of $3,000,000 dollars' worth of ivory taken by poachers indicate a firm desire to halt ongoing depredations of the African elephant. The Committee urges the administration to work with Kenya and others to bring about a total cessation of the international ivory trade.

In recognition of Kenya's important role in these efforts, its strategic value, and its continuing development needs, the Committee strongly recommends that the administration fund to the maximum extent possible Kenya's economic and military assistance programs as proposed in the congressional presentation documents.

HAITI

Once again, the Committee expresses its concern over the future of Haiti. September 1989 marks the first anniversary of the coup d'etat which elevated General Prosper Avril to the Presidency of Haiti. During this period, there are few signs of constructive change in the country, and the irreversible democracy to which General Avril pledged his government still remains a distant hope.

The Committee urges the Haitian Government to take steps to begin the difficult process of instituting democracy, including: a commitment to a specific date for elections, disarming and restraining the remnants of the Tonton Macoutes, reforming and depoliticizing the armed forces and especially the rural section chief system, reforming the Haitian bureaucracy to reduce corruption and exploitation of the populace, and continuing to assist the United States in eliminating drug trafficking through the country.

Four different governments came to power in 1988, none of them through democratic processes. While the Committee views the tentative measures taken by the Avril regime to reform the country's governing institutions as encouraging, it is mindful of the absolute control exercised by the military over the political life of Haiti. There is a pervasive lack of personal security in Haiti, and human rights abuses are everyday occurrences. Attempts by General Avril to remove many corrupt and abusive officers from the military and to appoint a civilian cabinet, have had little affect on the level of violence meted out to political opponents, including the press, peasants, labor groups, and the church. Members of the dreaded Tonton Macoutes continue to be inducted into the army or protected from prosecution for alleged human rights violations. In January 1989, Franck Romain, former mayor of Port-au-Prince and an alleged leader of the Tonton Macoutes was granted safe-conduct out of Haiti.

Haiti is the poorest country in the Western Hemisphere and the most densely populated. The Committee is committed to assisting the country in meeting its pressing social and economic needs, but only in an environment where there is real progress in the areas of human rights and political reform and where there is some prospect American assistance will reach the people and promote economic development. Indiscriminate violence apparently sanctioned by the government, military repression, and the widespread intimation of opposition activists and average citizens does not contribute to this end.

The Committee will support continued assistance to Haiti if, and when, it can be certified by the administration under the terms of section 559 of this bill, that progress toward democracy is being made. A Presidential waiver of the prohibitions set forth in the bill has been inserted to allow some flexibility to respond to changing circumstances. Section 559 stipulates that none of the assistance provided for in this act shall be obligated or expended for Haiti except as provided through the regular notification procedures of the Committee on Appropriations. The Committee intends to scrutinize carefully any notifications of intention to provide assistance to Haiti in accordance with these procedures.

The Committee notes that the United States has provided assistance to eradicate swine flu in Haiti in order to prevent the importation of swine flu into the United States. It also understands that there is currently a need for APHIS-U.S. Department of Agriculture to send in a veterinarian to assist with the diagnostic laboratory at the Haiti swine flu eradication station established by the U.S. Department of Agriculture. The Committee includes bill language allowing assistance for the control of swine flu in Haiti and urging support of this effort.

LEBANON

The Committee is watching in horror the escalation of conflict inside Lebanon. The reported deployment of Iraqi surface-to-surface missiles inside Christian held areas of the country is an onimous development. So too is the Syrian strangle-hold on Beirut, the blockade of all routes of escape by land and by sea, and the indiscriminate bombardment of both civilian and militia dominated quarters of the city.

The Committee has mounting concern for the health and safety of noncombatants in Lebanon, particularly members of the NGO community, who have suffered greatly in their effort to bring a modicum of comfort and humanitarian relief to the country's people. The American people strongly condemn interference by any side in the operations of these groups.

The Committee believes it is impossible to resume a normal aid and rehabilitation relationship with Lebanon until peace is brought to the country and the lives of relief workers are no longer in jeopardy. Should the situation in Lebanon improve, the Committee will consider an administration request for additional relief funds, and urges the administration to work with the Committee to find new avenues for providing assistance to the needy in Lebanon in ways that are both nonpartisan and fully accountable.

LIBERIA

The Committee finds no improvement in the conditions prevailing in Liberia during the past year.

Liberia remains a country mired in corruption and authoritarian rule. Since coming to power in 1980, Samuel K. Doe has made little progress in reforming a government bureaucracy noted for its fiscal mismanagement, ill-conceived policies, and human rights abuses. Each year this Committee joins with the administration in calling for improvements in Liberia's economic, political, and social record, and each year the country's friends in the United States are disappointed. Efforts to restore the government's financial integrity were thwarted this past year when a team of 17 U.S.-funded accounting experts were forced to concede that the lack of proper records and local cooperation made their assignment impossible.

Since September 11, 1988, Liberia has been subject to the prohibitions on assistance contained in section 518 of the fiscal years 1988 and 1989 appropriations acts, the Brooke amendment, and has been subject to statutory restrictions since July 7, 1988, on the use of economic support funds in fiscal year 1989. These restrictions pertain to the requirement for certifications by the Secretary of State to Congress that the Government of Liberia (a) has taken significant steps toward improving the financial situation in the country and, (b) is making significant progress toward improving the human rights situation.

Plagued by corruption, and uncontrolled expenditures, and lacking a clear policy for structural adjustment, it is unclear whether Liberia will be able to take the steps necessary to forestall further economic decline. The Committee recommends that in addition to compliance with section 518, any resumption of full economic and

military aid be linked to a radical reform of the country's public sector.

Liberia's failure to meet its financial obligations has triggered a phase-down plan for the AID program in Liberia. USAID/Liberia currently has five bilateral projects with the Government, all of which are scheduled to be terminated over a period beginning August 1989, and ending December 1990. The Committee notes that the mission's program also includes two private voluntary organization [PVO] projects and a PVO activity carried out as a component of the bilateral primary health care project.

Despite the ongoing problems in Liberia, the Committee believes it would be unwise to discontinue all relations with a country with valuable ties with the United States. Section 123(e) of the Foreign Assistance Act of 1961, as amended, permits the continuation of assistance in support of programs of PVO's and cooperatives which already were being supported at the time the prohibitions were applied. The provisions of this legislation require taking into consideration whether continuation of this support is in the national interest of the United States.

The Committee believes that it is in the national interest—politically, strategically, and commercially—to continue the support of PVO's in Liberia so long as no assistance goes to or through the Government of Liberia while existing prohibitions and restrictions continue in force. The Committee agreed this year to a request by AID to continue funding development activities in Liberia through these PVO's.

The Committee includes a provision in its bill requiring congressional notification for all United States funded assistance to Liberia during fiscal year 1990.

Morocco

The Committee is committed to strengthening the strong bonds of friendship between the United States and Morocco and believes Morocco should be provided with the resources necessary to enable it to maintain political stability and steady economic growth. The Committee recommends earmarking of economic support fund assistance at $20,000,000 and military assistance at $52,000,000 for Morocco for fiscal 1990.

The Committee is encouraged by the progress made in recent months toward a resolution of the 15-year war between Morocco and the Polisario Front in the western Sahara. The Committee supports the mediation efforts of the United Nations Secretary General and believes that the January 1989, meeting between King Hassan II and Polisario representatives marks an important step in the process leading to a referendum on the future of the disputed territory.

For over 200 years, the United States and Morocco have enjoyed a special relationship. King Hassan II has done much to deepen these ties by supporting joint military exercises and the 1982 base access agreement which gives U.S. forces the right to transit during emergencies. He has agreed to the construction of the world's largest Voice of America radio transmitters and offered the United States the use of its airspace for low-level NATO training

flights. The Committee recognizes the King's courage in serving as a moderate voice for peace in the Middle East and for his efforts to secure a settlement of conflicts in Lebanon and Angola.

The Committee believes Morocco has extensive untapped potential as a trading partner of the United States and is encouraged by the announcement that the Overseas Private Investment Corporation [OPIC] plans to mount a trade mission to the country this autumn. Recent experience has shown that a loosening of state controls on private enterprise and a streamlining of investment regulations, could do much to stimulate American investor interest in Morocco. The Committee believes this will become more important as Europe embarks upon its planned integration in 1992—a move which could adversely affect Morocco.

The Committee is concerned that the administration has not yet undertaken serious negotiations with Morocco on debt relief to Morocco through the Brady plan. As a strategically important friend of the United States which has put in place an ambitious economic reform program, Morocco would seem to the Committee to be a priority for Brady plan negotiations.

The Committee expects the executive branch to place greater emphasis on extending Brady plan debt relief to strategically important foreign aid recipients, including Morocco.

The Committee is concerned by the rapid growth in the Moroccan population, now estimated at 24,000,000 and due to rise to 30,000,000 by the year 2000. Morocco has a child population of almost 10,000,000 and an under 5 mortality rate of 125 per 1,000. It appears clear that Moroccans could experience an dramatic erosion in their standard of living in the coming years if planned economic growth does not keep pace with the country's booming population. Already, the country's social services are inadequate to meet the pressing public demand. The King has demonstrated leadership in this area by recognizing the centrality of family planning to the country's development. The Committee urges AID to give priority to population activities in its assistance to Morocco.

Locust campaign.—The Committee commends the Government of Morocco for its successful campaign against grasshoppers and desert locusts during the last year. Its aggressive, well-planned response to the regional infestation stands as a model of effective management, international cooperation, and resourcefulness.

The Committee directs that funds remaining from the 1988–89 locust campaign in Morocco be used to undertake research into integrated pest management, as well as the establishment of pesticide prepositioning sites and forward survey centers throughout the Western Sahel. The Committee also recommends that AID offer to join with Morocco in an analysis of the data base on the recent locust campaign. The Committee believes that a careful evaluation of this wealth of information will yield important lessons for future eradication efforts.

Human rights.—The Committee is concerned about reports of severe human rights abuses in Morocco and the lax enforcement of existing statutes protecting the civil and human rights of citizens. According to recent reports, the number of incidents of torture is high and increasing and most frequently involved detainees accused of politically related offenses. These allegations are very dis-

turbing given Morocco's generally progressive reputation, and the Committee requests the State Department to inform the Moroccan Government of its deep concern and intention to pay close attention to this issue in the coming year.

The Committee is encouraged by the work of the Organisation Marocaine Des Droits De L'Homme [OMDH] or the Moroccan Human Rights Organization. OMDH was established in December 1988, to focus popular attention on the human rights situation in Morocco and to press for the application of due process through legal, nonviolent, and democratic means. Its activities are carried out through well-publicized media coverage, seminars, and letter writing campaigns.

MOZAMBIQUE

Since April 1988 when the State Department released its report which estimated that a minimum of 100,000 civilians had been killed in the RENAMO insurgency, the onslaught has continued unabated. Not one of the country's 10 provinces has escaped unscathed. An estimated 3,000,000 people are homeless. Recent press reports continue to describe gruesome mutilations and murders of defenseless villagers. Additionally, RENAMO continues to target emergency relief distribution centers, relief vehicles, and personnel. The Committee has also received reports of attacks against civilians by members of the Mozambique military.

The Committee is encouraged by recent diplomatic steps to promote negotiations between the Government of Mozambique and RENAMO to end the insurgency. The Committee looks forward to international mediation efforts aimed at producing a negotiated solution to the war. Little economic progress can be expected until the insurgency ends and the government can concentrate its limited resources on rebuilding the war-torn economy and infrastructure. A key element of that reconstruction process is the transportation sector. Railroad lines through Mozambique provide the most economical outlet to the sea for exports of Zambia, Zimbabwe, Malawi, Botswana, Swaziland, and southern Zaire. The Committee understands that most of Mozambique's mainline locomotives are General Electric. According to AID, Mozambique will require 40 new locomotives by 1991, 20 of which have been committed by other donors. The World Bank finds that the Beira line alone, linking Zimbabwe with the coast, urgently needs 15 new locomotives. The Committee, therefore, encourages AID to provide assistance to Mozambique for the procurement of new locomotives to meet these urgent needs.

Last year the House Appropriations Committee suggested that the administration consider ways to help protect civilians engaged in the delivery of food, medical supplies, and other relief items to the more than 2,000,000 Mozambicans affected by the violence. The Committee directs the administration to report within 90 days of enactment of this act on any further actions which are needed to adequately protect the deliveries of relief items to affected civilians.

The Committee acknowledges recent actions by the Mozambique Government to decentralize and privatize its economy and protect

human rights. Additionally, in July 1989 the government announced the deletion of all references to Marxism-Leninism from its official platform and the withdrawal of hundreds of Soviet advisors. The Committee believes these changes will contribute to a healthier economy and a more just society for the Mozambican people, and urges the administration to respond positively to these developments.

The Committee also wishes to acknowledge the steps being taken by AID, with the energetic support of Ambassador Wells, to assist civilian victims of war in Mozambique. Funds appropriated by the Committee last year are being used to provide prostheses and train local physicians to alleviate some of the suffering of the estimated 20,000 civilians who have lost limbs as a result of the war.

Finally, the Committee understands that, for the first time in recent history, American companies are interested in investing in Mozambique. The Committee believes that such investment would further strenghten Mozambique's economic ties to the West, and therefore suggests that the Administration consider removing Mozambique from the list of countries ineligible for Exim Bank loans.

PAKISTAN

The Committee welcomes the restoration of democracy in Pakistan with the elections of a new parliament, prime minister, and president. The Committee notes that the negotiations over the coalition government demonstrates the vibrancy of the new Pakistani democracy, and commends the support for democracy demonstrated by Pakistan's Armed Forces and the Pakistani people throughout the last year. The Committee has long been concerned with the slow transition to democratic government in Pakistan, and is pleased to finally see longstanding commitments on elections bear fruit. Therefore, the Committee has earmarked $230,000,000 in foreign military sales credits and $230,000,000 in economic support funds, in recognition of Pakistan's evolution to democracy and to assist that government address its serious economic and development problems.

The Committee is also pleased with the continued Pakistani support for freedom in Afghanistan and the assistance given the multitude of Afghan refugees remaining in Pakistan. The refugees place a heavy burden on Pakistan's limited resources. The Committee urges Pakistan to continue its support for Afghanistan's freedom fighters.

Gratified though it is with these developments, the Committee remains seriously concerned with developments in Pakistan's nuclear program in recent years. There is no question that major technological steps toward the capability to manufacture a nuclear explosive device have been taken. Indeed, Pakistan may well possess such a capability now. If so, only self-restraint stands between it and the specter of nuclear proliferation in this critical region of Southwest Asia. The Committee emphasizes the damage that would be done to United States-Pakistani relations should Pakistan violate the pledges made by Prime Minister Bhutto that Pakistan will not acquire a nuclear explosive device and urges her to enter into binding international nuclear nonproliferation arrangements, and

to negotiate regional agreements on nuclear issues. The Committee stresses its continuing intention to monitor Pakistan's nuclear programs closely to ensure that Pakistan remains firm in its commitments to the United States.

The Committee emphasizes its concern about reports of considerable progress by Pakistan in the development and testing of intermediate range missiles in recent months. While the Committee understand's Pakistan's anxieties about India's development of the intermediate-range Agni ballistic missile, Pakistan's apparent illegal procurement of advanced western technology for use in its own missile runs counter to current United States efforts to control missile proliferation. Taken together with Pakistan's acquisition of technologies to produce weapons grade nuclear material, steps toward the development of a ballistic missile capability are disturbing. The Committee will closely monitor such reports and, if they prove accurate, will be forced to reconsider its present support for continued assistance to Pakistan.

Guddu Power Station.—As the Committee noted in its report last year, the need for developing countries to maintain adequate energy supplies is a basic prerequisite to economic growth in developing nations. The Committee is particularly concerned about the current situation in Pakistan, where the lack of an adequate energy supply acts a major constraint to the country's ability to foster economic growth, particularly in its impoverished rural areas.

The Committee notes with concern that funding for a major combined cycle powerplant at Guddu Station in Pakistan in fiscal year 1989 was dropped from AID's plans in fiscal year 1990. This project would appear to have particular merit in view of its low cost (it is a replication of an existing plant at Guddu) and high fuel efficiency. Moreover, the combined cycle technology which will be utilized in constructing the powerplant extension is in line with the Committee's emphasis on the need for AID to promote environmentally safe and energy efficient energy sources as part of its development strategy.

The Committee understands that most of the AID funds originally intended for the Guddu II powerplant are instead being committed to other uses in fiscal year 1989. The Committee is also disturbed that AID intends to commit most of its funds for the energy sector in Pakistan in the future to a multilateral funding pool in support of private sector power projects. In approving United States bilateral aid for Pakistan, it was not the Committee's intent to provide additional funds for multilateral aid projects. The results of such efforts could lead to U.S. bilateral funds being used to support the exports of other developed nations—thus wiping out a major opportunity for U.S. exporters in the field of electric power generating equipment.

It is the Committee's understanding that the Pakistani Government had requested the AID to fund the extension of the Guddu Station powerplant in 1988 and has come back to the AID mission in Islamabad in 1989 with the same request. The Committee urges AID to reconsider the merits of providing funding for the Guddu Station extension as the best option to help meet Pakistan's urgent energy needs.

PANAMA

The revulsion the Committee feels with respect to the Noriega dictatorship mirrors the disgust felt by those who viewed, in photographs and on television, the brutal treatment by Noriega's thugs of his regime's opposition in the May elections. Noriega's actions throughout the elections, which were overwhelmingly won by his opponents, demonstrate his regime's illegitimacy. So long as Noriega remains in Panama, democratic aspirations of the Panamanian people will continue to be frustrated.

The Committee has included language in the bill prohibiting assistance to Panama which in any way assists the Noriega regime. The only exceptions to this prohibition are for programs involving donations of humanitarian assistance or assistance through private voluntary organizations, disaster assistance, assistance for refugees, assistance for termination costs, assistance under the Inter-American Foundation Act, or scholarship funding for Panamanian students.

The Committee also continues report language withholding Panama's sugar quota, and permitting its use by nations of the Caribbean Basin Initiative and the Philippines so long as Noriega remains in power.

The Committee supports the administration's efforts to rid Panama of Noriega, especially those efforts which are ongoing through the Organization of American States and regional political leaders.

PHILIPPINES

The Committee is strongly supportive of the democratically elected government of President Aquino. Since her 1986 speech to the Congress, the Aquino government has received extraordinarily large amounts of U.S. assistance. This, in combination with aid from Japan and the multilateral donors, has resulted in a $4,100,000,000 foreign assistance pipeline. Regrettably, during this period, while large amounts of fast disbursing aid has been spent to encourage economic reforms, the impoverished living standards of the Philippine people, particularly those in the rural areas, remained largely unchanged.

The administration has requested an increase in funding for the Philippines from $311,000,000 in fiscal year 1989 to $481,000,000 for fiscal year 1990, a 54-percent increase reflecting the latest amendment to the bases agreement. Additionally, the Committee is asked to fund a new multilateral assistance initiative [MAI] for $200,000,000 for each of the next 5 years.

Recognizing the United States' historic relationship with the Philippine people, the Committee has attempted to find sufficient funding for the requested programs. While the Committee has only been able to fund the MAI at $160,000,000, it has provided the administration authority to draw up to $40,000,000 from ESF and development assistance to meet any shortfalls in the MAI during fiscal year 1990. Taken together, the proposed overall aid level is a significant increase over past assistance levels and reflects the Committee's strong commitment to support economic development and democracy in the Philippines.

Environment.—When the President presented his foreign assistance budget to the Congress in February, the Committee was told the MAI would be a unique instrument for promoting development, with the U.S. contribution to be used to leverage contributions from other donors. The Committee was assured that expenditures under the MAI would me made according to a detailed framework document that would embody not only the principles, but also the programs, that all contributing countries and institutions were to support. Furthermore, the administration promised the Committee that the framework document would contain an environmental protection plan that was comprehensive in approach and nationwide in scope.

Unfortunately, this has not been the result. When donor representatives met in Tokyo on July 5 to pledge their financial contribution to the MAI, scarcely three paragraphs in the final framework document were devoted to the environment. The Committee believes this outcome does not comport with the repeated assurances it received that a comprehensive environmental plan would be an integral part of this new Philippines initiative.

The Committee views the conservation and rehabilitation of the Philippine natural resource base as a critical element in the MAI. It has made this point repeatedly to AID, the Departments of State, and Treasury, and through them the Government of the Philippines, the multilateral development banks, and other bilateral donors.

While the Committee has received assurances that environmental concerns will be taken into account in future MAI revisions and implementation, to date no comprehensive national strategy has emerged. Rhetoric and promises are no substitute for multilateral action. The Committee is disappointed by the failure of the MAI to address the environment adequately and by its silence on involving the international community, government, and nongovernment organizations in the implementation of a natural resource management program.

The wholesale destruction of the Philippine natural environment poses a critical challenge to the government and the world community. In the absence of a meaningful environmental strategy, the Committee believes successful, long-term sustainable growth is impossible. Deforestation, overpopulation, river silting, ground water contamination, toxic waste disposal, air pollution, and the destruction of plant and animal habitat have a direct and measurable impact on the quality of life of the entire country.

The Committee does welcome the decision by the Philippine Government and the donors to have a special meeting devoted to an environmental action plan in November. The Committee regards this meeting and the plan that results from it as critical to the Committee's future support of the MAI.

The Committee believes the environmental component of the MAI should include detailed operational plans on the following subjects:

—Management of unique ecosystems such as watersheds, forests, coral reefs, and fisheries;

—Application of techniques for controlling insect infestation and disease;

—Establishment of environmental review criteria for consideration of project selection and design;
—Use of debt for nature swaps in the MAI as a mechanism for magnifying the benefits of this program;
—Effect of toxic pollution, both air and ground emissions, on health, agriculture, and the biodiversity of the Philippines;
—Dedication of a portion of the MAI to implement to natural resource and environmental management;
—Growth of urban infrastructure and its impact on fragile ecosystems;
—Preservation of biodiversity;
—Population planning;
—Protection of the natural resource base to support sustainable development;
—Incorporation of the NGO community into policy development strategies; and
—Development of baseline research, evaluation techniques, and standard indicators against which to measure the success of MAI initiatives.

Reforestation.—The Committee believes unique opportunities exist for collaboration between the United States Forest Service [USFS] and AID in the development of a reforestation strategy for the Philippines. When coordinated through the Office of International Cooperation and Development [OICD], the foreign extension service of the Department of Agriculture [USDA], the Committee is confident that a strong technical assistance package can be devised which will further many of the principal objectives of the Philippines environmental strategy and the MAI.

The Committee believes that the preservation and reforestation of Philippine woodlands will yield important benefits in the medical field. Philippine forests contain thousands of unique species of flora and fauna. Many of these species are important for U.S. agriculture, and pharmaceutical industries. American agricultural productivity depends on periodic infusions of genes from tropical forest plants.

In forestry, the United States long has benefited from the exchange of germplasm with the Philippines. Many of the tree species native to the Philippines also are commonly grown in the southern United States, Puerto Rico, the United States Virgin Islands, Hawaii, and the Western Pacific. Seeds from outstanding "mother" trees in the Philippines have helped United States foresters increase forest productivity in the warmer ares of the United States. United States cooperation with Filipino foresters will help ensure that important forest genetic resources in the Philippines are conserved and that United States foresters continue to have access to them.

Similarly, the Committee believes that through the exchange of scientific knowledge and innovations in the field of reforestation the United States can have a measurable impact on problems of global warming and the steady erosion of productive Philippine farm land.

The Committee urges AID to explore with the United States Forest Service and OICD ways in which their respective strengths

in the fields of reforestation and environmental conservation and be utilized in the context of the Philippine assistance program.

The Committee commends President Aquino for her understanding of the importance of environmental protection to Filipino development. Recently, she banned all further hardwood logging for export, an essential first step in the process of controlling the plunder of the nation's diminishing resource base. The Committee also calls upon Japan to use its influence over the Philippine's petroleum sector to move toward the rapid reduction in the use of leaded gasoline in the country. The Committee understands Japan heavily subsidizes Filipino petroleum purchases through a commodity import program.

Furthermore, the Committee urges the Government of the Philippines to reevaluate its land reform program in the light of environmental concerns. A geological survey of the country, now 20 percent complete, is revealing that the Philippine archipelago is rich in high value mineral deposits. The Committee is concerned that future mineral discoveries, and their careless exploitation in the vicinity of endangered ecosystems, will only hasten their demise. It is critical that the government act now to protect undisturbed areas in advance of mining operations and that the MAI framework document provide guidance in this area.

The Committee believes that public access to information activities which affect the natural resource base is an important element in natural resource management. This includes information about government project planning, implementation, and evaluation, as well as about private sector activities which affect the environment. The Committee directs AID to coordinate with the Philippine Government to effect the timely dissemination of information on the MAI to the public.

Population.—The Committee is also concerned by the lack of focus in the MAI on slowing the rate of population growth in the Philippines. The population will double in 30 years. Despite the already high rate of unemployment and the pressures population growth puts on the fragile natural resource base, an additional 10 million people will join the labor force by the year 2000. This is a time bomb waiting to explode, and there is little sign of aggressive Philippine leadership on this important issue. Sustained economic development, the central goal of the MAI, cannot be achieved without a lower population growth rate. The Committee, therefore, strongly urges the administration to work with the Philippine Government to ensure that a significant portion of MAI funds are used directly to support family planning activities in the Philippines.

PVO's and poverty alleviation.—The Committee is also concerned about the MAI's program of special projects for poverty alleviation. While these projects will presumably create jobs, only one of the five proposed projects utilizes nongovernmental approaches to development. All the rest are capital intensive, large-scale, government-to-government projects several of which attempt to create jobs at a cost of from $14,000 to $18,000 per job. They involve airport, port, major highway, and rail construction—all necessary for the development of the country, but they are not consistent with grassroots development for the poor.

The Committee is convinced that grassroots development is necessary for broad-based economic growth to occur, and believes that U.S. private voluntary organizations [PVO's], cooperatives, and local PVO's must have an important role in the MAI. Because of the long historic ties between Filipinos and Americans, many U.S. PVO's and cooperatives have operated programs there with local partner institutions for decades. While the Committee recognizes the important and essential official Government role in development, these PVO's and cooperatives have a demonstrated ability to reach the rural and urban poor, often with better and quicker results than the Government. Rural electrification, housing, health clinics, water systems, and other community-based economic development projects targeted to small farmers and merchants should feature prominently in the MAI.

The Committee also believes that the Agency for International Development should seek to channel a portion of MAI funds into small and microenterprise development programs in the Philippines. To the extent possible, funds for this purpose should be distributed competitively through U.S. PVO's.

In order to undertake this grassroots approach to development, the Committee encourages AID to reorganize and expand its mission staff for more field oriented activities, and work with consortia of United States and local PVO's for initiation and coordination of projects. The Committee has included language in the bill directing that PVO's be given a substantial role in the MAI.

Staff level.—The Committee believes that assistance increases of the magnitude occurring in the Philippines require full and adequate staffing, particularly in light of the level of project aid increases. The Committee appreciates the need for limitations on overall U.S. mission levels, but believes that the need for effective management of foreign assistance in the Philippines should receive priority attention in making staff allocation decisions. Therefore, the Committee urges the Agency for International Development, in developing its management plan for Philippine assistance, to examine carefully the need for an increase in the current number of AID staff in Manila to manage effectively the increased assistance and project aid levels, as well as to allow proper coordination with other donors.

Street children in the Philippines.—The Committee commends the Government of the Philippines [GOP] for its efforts on behalf of street children, but is concerned that too few resources will be earmarked for this critical problem within the context of the multilateral assistance initiative [MAI]. The Committee directs the Agency for International Development and encourages the NGO community to work with the GOP to develop a comprehensive, well-funded, multinational program for street children for inclusion within the MAI's framework document.

The Committee commends President Aquino for her sensitivity to children's issues and for her support of the UNICEF program to reach the universal immunization level of 80 percent by the end of 1990. Currently, only 30 percent of all Filipino children are fully immunized. The Committee supports the plan put forward by UNICEF's executive board to provide supplementary funding to strengthen the country's health service delivery capacity, integrat-

ed basic services in Negros-Occidental, Eastern Cordillera and Mindanao, and some basic urban services for the growing numbers of families living in slums.

Childhope, the international advocacy movement on behalf of street children, estimates that there are 1,200,000 children in the Philippines who are working and/or living on the streets in urban areas throughout the Philippines. In metro Manila alone, government sources estimate the number of street children at between 50,000 and 75,000, with many of these regular victims of sexual exploitation and involuntary servitude. Rapid population growth, unsustainable agricultural practices, and environmental degradation are all root causes of the increasingly urban-based poverty that forces children to the streets. In Manila, 87 percent of all street children receive no government or NGO services. This problem must be one of the focal points of the MAI initiative, a concern of all donor nations and an essential component of the MAI framework document.

Human rights.—The Committee is alarmed by the frequency of reports of serious human rights violations in the Philippines, and is deeply disturbed by the assessments of the Department of State and private monitoring organizations that the situation has deteriorated further since 1988.

The May 1989 assassination of Col. Nicholas Rowe, the chief Army representative to the Joint-United States Military Assistance Group [JUSMAG], points to the escalating cycle of violence which continues to grip urban, as well as rural, areas of the Philippines. The Committee expects that the Government will utilize every resource at its disposal to bring the Colonel's murders to justice.

Unfortunately, the Rowe assassination is but one example of the violence which daily grips the Philippines—violence which is not limited simply to one end of the political spectrum. The Committee remains concerned about continued reports of widespread violations of human rights, especially in the rural areas, harassment of political opponents and dissidents, extrajudicial killing and the disappearances of civilians. Most of this violence is reportedly committed or tolerated by members of the armed forces of the Philippines [AFP] and government-backed paramilitary units.

Of special concern is the violence against, and intimidation of, indigenous human rights advocates. Six prominent human rights lawyers were killed between October 1987, and March 1989, and many others continue to receive death threats. Since 1987, over 35 church workers engaged in social reform have been killed. No progress has been made in bringing those responsible to justice, nor is it evident that the government has the necessary determination to pursue these cases to a resolution.

The Committee recognizes that these killings take place in the context of intense warfare between government troops and armed communist insurgents, particularly the NPA, which also has been responsible for many killings of innocent noncombatants. Victims of NPA violence include suspected informers, and those purged from NPA ranks on the suspicion that they are military deep penetration agents or infiltrators.

Last year, the conference committee on the foreign operations bill requested the Department of State to prepare a report on the

subject of vigilante violence and its links to the Philippine military. This report noted that "abuses still occur," and pointed to planned government reforms to improve the human rights situation. The Committee is encouraged by efforts to promote judicial reform, such as the imposition in selected courts of continuous hearings meant to speed the delivery of justice. The Committee believes that efforts to implement due process procedures should remain a high Government priority.

The Department's report also cites Philippine Government plans to dismantle all units of the Civilian Home Defense Force [CHDF] by July 1989, and existing armed vigilante groups. These were to be replaced by Civilian Armed Force Geographical Units [CAFGU's], designed to be directly responsible to the military and formed by local volunteers screened for possible criminal records. The Department noted that the implementation of these reforms have been uneven, particularly with regard to the formation of the CAFGU forces. The Committee is disturbed by reports that many vigilante groups remain active, some with the support of the AFP.

The Committee is also concerned by reports of a continued pattern of forced recruitment of civilians into civilian voluntary organizations [CVO] and of villages being required by the military to form CAFGU units. The Committee is concerned that the CAFGU forces might add to the increasing violence and social instability, rather than to act as the community defense forces they were envisaged to be. The Committee urges the government to ensure that vigilante groups are disbanded expeditiously, and that steps are taken to prosecute those who act outside the law.

The Committee is distressed to learn that since coming to power in 1986, the government has made little progress in reducing the extensive backlog of human rights cases requiring detention without due process. Not a single conviction of an alleged human rights violator has occurred, to the Committee's knowledge. Out of hundreds of known suspects, no member of the armed forces has yet to receive a jail sentence. The Committee notes that the 23 soldiers charged with killing 17 civilians in Lupao, Nueva Ecija, in 1987, recently were acquitted, reportedly due to lack of evidence. This is simply unacceptable to the world human rights community and a blot on the record of the Aquino government.

Finally, the Committee is disturbed that repeated military operations in the rural Philippines have affected civilian population centers, including aerial bombing, the burning of homes and indiscriminate artillery fire. Reports indicate that in 1988, approximately 200,000 civilians were driven from their homes due to combat operations. Many people were forced to take refuge in make-shift evacuation centers where hundreds of children suffered and died due to unsanitary conditions and insufficient food. Evacuations have continued during 1989. In southern Negros alone, 35,000 people, the entire population of a five-town area, were dislocated. Over 280 of these evacuees have died, many of them children.

The Committee is particularly distressed by reports of the indiscriminate shelling of upland areas. Tribal peoples, many of whom live on the margins of Philippine society, have borne the brunt of the violence, which has been neither discriminate nor proportionate to NPA attacks. The Committee urges the Government of the

Philippines to make every effort to minimize the violent impact of its counterinsurgency campaign on the civilian population, by adopting policies that do not include the use of aerial bombing of population centers, and to provide the maximum assistance possible to innocent victims of war.

There are a number of positive sides to the human rights story in the Philippines. The Committee is encouraged by steps taken by the government to hold military officers accountable for human rights violations against their subordinates. Tying promotions to a clean human rights record is a welcome development. The Committee believes that this and other measures adopted should help strengthen protection of the human rights of Filipino citizens. The Committee will continue to monitor closely the implementation of these reforms and their effectiveness in stemming abuses. However, such measures are no substitute for swift, effective justice against those who commit human rights abuses, whatever their position in society.

The Committee of course does not deny the legitimate right of the Philippine Government to defend itself, and recognizes that there is a widespread and dangerous insurgency against which the government must take effective countermeasures. However, the Committee questions the value of continued large increases in military assistance in light of President Aquino's stated belief that the roots of the insurgency "lie in the economic and social inequalities which oppress our [the Filipino] people."

The Committee also questions the ability of the Philippine Government to carry out its economic and social reform program for the country, which includes agrarian reform, the provision of universal health care and the expansion of social services, while at the same time devoting so much energy and resources to an expanded military force structure. The Committee is concerned that not enough priority is being given to the very roots of the insurgency that President Aquino identified. As in so many civil conflicts around the world, military victory is unlikely to eliminate the causes of the insurgencies. Only far-reaching political, social, and economic reforms can do that. The Committee believes it is time for the administration and the Philippine Government to consider carefully whether limited United States aid resources are being targeted too much to the military conflict and not enough to the underlying sources of the conflict.

The Committee directs the Department of State to examine whether the administration of justice program would be suitable for implementation in the Philippines. A report should be made available to the Committee no later than March 30, 1990, on whether a Philippine administration of justice program is feasible. If the report concludes such a program is feasible, it should describe its likely structure, the level of funding required for its implementation, and the response of the Government of the Philippines to such an initiative.

POLAND

The Committee watches with astonishment and admiration the incredible progress being made toward democracy in Poland and

joins with the administration in its efforts to encourage further positive developments. The initiation of a Solidarity-led coalition government, with a Prime Minister from Solidarity is an astounding turnabout from the situation a few short years ago when Poland's Communist rulers outlawed Solidarity and detained Lech Walesa. The Committee is determined to do everything it can to support the emergence of democracy and freedom in Poland.

The process of national reconciliation, begun in Poland in 1986, has led to a significant improvement in the climate of relations between Poland and the United States. The restoration of full diplomatic relations, the lifting of economic sanctions, and the provision of financial, agricultural, and technical assistance in the American Aid to Poland Act of 1987, has laid the groundwork for increased levels and types of United States assistance.

This has been an extraordinary year in the lives of the Polish people. The Committee pays tribute to their courage, their perseverance, and their commitment to democratic ideals.

The Committee also recognizes the many sacrifices made by the Polish people during this period of economic uncertainty. Inflation, coupled with low productivity and shrinking exports, has led to severe food shortages and a virtual halt to industrial modernization. To assist Poland at this time, the Committee has included bill language supportive of the President's recently announced program to aid the country, and directed toward providing new resources for use in promoting economic growth and private enterprise. However, the Committee believes that the administration's request for $10,000,000 in economic assistance for Poland is wholly inadequate to address its urgent needs. Nor does it adequately demonstrate the strength of our commitment to assisting Poland on the road to political and economic reform. The Committee has, therefore, earmarked an additional $35,000,000 in economic support funds, and established a subearmark of $40,000,000 for assistance to Poland under the OPIC Guaranteed Loan Program.

The Committee joins with the House in providing up to $10,000,000 from development assistance for agricultural projects in Poland through the Catholic Church in Poland. The Committee also earmarks $4,500,000 in economic support funds to Poland. This includes $2,000,000 for medical care assistance. The Committee expects that this will be divided between Solidarity's social trust fund and other organizations, such as Project Hope and the Polish American Congress; $1,500,000 is designated to support Solidarity through the AFL–CIO's Free Trade Union Institute to promote democratic activities in Poland. The remaining $1,000,000 is to support other independent democratic organizations and activities in Poland. In providing commodities, medical goods, and other relief to Poland, the Committee encourages the President to consult closely with the Polish Government concerning specific and most urgent needs; when necessary and feasible to make use of military transport already bound for Europe, on a space available basis; to seek out all possible economies in delivering these goods; including making the use of already existing distribution systems; and to coordinate all United States transfers with efforts by private donors.

The Committee supports the administration in allowing Poland to delay repayment of about $1,000,000,000 owed to the United

States Government and encourages Poland's other creditors to support an early and generous rescheduling of the remainder of that country's $39,000,000,000 foreign debt. The Committee also supports President Bush's plan to assist Poland's burgeoning private sector by creating a Polish-American enterprise fund as well as to help improve the environment. To support this program, the Committee has earmarked $10,000,000 for Poland for fiscal 1990. Further, the Committee has included bill language that provides 2-year obligational authority for these funds.

The Committee is encouraged that under the new debt agreement, the Polish Government will be granted a 5-year grace period on the $1,000,000,000 in loans, and then would have 10 years to pay them. Poland's total debt to the United States Government is about $2,200,000,000. U.S. commercial lenders are owed about $250,000,000. The Committee encourages the World Bank to move ahead with two projects loans for Poland totalling $325,000,000.

The Committee is supportive of the proposals to admit Poland to the generalized system of preferences [GSP], and to allow the Overseas Private Investment Corporation [OPIC] to insure United States companies that invest in Poland The Committee believes the Trade Development Program should consider activities in Poland as well. If implemented, these initiatives should strengthen Poland's private sector and should encourage the diversification of the Polish economy. The Committee notes that the President has requested a waiver of section 620(f) of the Foreign Assistance Act so that Poland may be eligible to receive Public Law 480 commodities, and pledges to work closely with the administration on this issue.

The Committee feels that the United States has a strong leadership role to play in international creditor organizations and suggests that the President: Encourage the IMF to consider establishing an initial standby program of loans before Poland's detailed reform plan is formally accepted, provided that Poland meets necessary IMF conditions; encourage the Paris Club to issue a prospective rescheduling of Polish debt beyond 1991, contingent on Poland meeting necessary conditions; give Polish debt the same urgent consideration that Latin American debt has received; and instruct the appropriate administration officials to prepare and present to other governments involved in the Polish relief and reform effort a model of debt-for-equity and debt-for-nature swaps for disposing of bilateral and multilateral debt with Poland.

The Committee also recommends retention of language from last year's bill permitting the use of up to 500,000 dollars' worth of nonconvertible and convertible Polish currencies generated through the sale of United States agricultural products to assist the Research Center on Jewish History and Culture of the Jagiellonian University of Krakow, Poland. That insitution was established to study events related to the Holocaust in Poland.

PORTUGAL

Long a loyal NATO ally and steadfast friend, Portugal plays a vital role in the defense of Europe, the Mediterranean, and north Africa. The facilities which Portugal avails to the United States at

Lages Air Base in the Azores are particularly important to the collective Western defense. This air base helps insure allied dominance of strategic sea lanes in the eastern Atlantic and important approaches to the Mediterranean.

The Committee strongly supports the maximum assistance possible under current budget constraints for programs in Portugal.

SOMALIA

The Committee is deeply concerned about abuses of basic human rights in Somalia. While the Committee acknowledges the release of some political prisoners earlier this year, it continues to receive reports of mistreatment, including torture, of individuals detained for political offenses after summary trials lacking any respect for normal judicial procedures. Recently, the Committee was informed of brutal massacres without trial of political opponents of the current regime.

Since the 1969 coup which brought President Siad Barre to power, the United States has provided Somalia with large amounts of assistance. Despite this assistance, democracy is a distant dream for the Somali people, and those who express opposition to the Barre government are severely persecuted. Of particular concern to the Committee, is the GAO report that as recently as the summer of 1988 the Somali army used United States supplied weapons and ammunition in a brutal offensive against Issak communities in the north. Thousands of civilians were reportedly killed or wounded and an estimated 400,000 to 500,000 fled to Ethiopia. All indications are that President Barre has lost virtually all popular support and clings to power solely by force. As recently as July 1989, civil unrest in the capital city sparked by the arrests of several religious leaders, resulted in the complete collapse of any semblance of the rule of law. House-to-house searches, mass arrests, and summary executions have become commonplace. An August 1989 State Department report estimates that between May–August 1989 alone, thousands of unarmed, defenseless civilians were murdered by Somalia armed forces.

Given these reports of the Somali Government's deplorable human rights record and use of United States aid to carry out a brutal attack against its own citizens, it is hard for the Committee to comprehend why the administration has requested $15,000,000 in military assistance for Somalia for fiscal year 1990, an increase of almost $12,000,000 over fiscal year 1989. The Committee just denied an Administration request to utilize $20,000,000 in prior year ESF to assist Somalia to meet foreign debt obligations. The Committee sought to make crystal clear to the administration that until the Government of Somalia demonstrates the sustained commitment to respecting fundamental human rights that is necessary to meet the threshold standard for United States assistance under sections 116(a) and 502(B) of the Foreign Assistance Act, the Committee cannot support any United States economic or military assistance to that country.

Accordingly, the Committee has included a provision in the bill requiring that all economic and military programs for Somalia be notified to the Committee through the regular notification and re-

programming procedures. The Committee will carefully review proposed spending for fiscal year 1990 in light of the extent to which the Somali Government has made progress in protecting human rights, including the release of political prisoners, restrictions on the indiscriminate use of force against civilians, provision for delivery of assistance under neutral international auspices to civilians affected by the conflict, and allowing international humanitarian organizations to observe the situation there, including having access to prisoners and victims of conflict.

SUDAN

The Committee is profoundly concerned about the continuing human tragedy in Sudan. Last year an estimated 250,000 people died from starvation caused, not by drought as in 1985, but by a civil war that forced them to flee their homes and cut them off from emergency food relief. Despite many hundreds of millions of dollars in United States and other foreign assistance since becoming independent in 1956, Sudan today is among the world's poorest countries, ruled by an army officer who recently seized power from a president who was becoming increasingly dependent on Libyan weapons to fight a losing civil war. Recurring famine, unending political, religious and tribal violence, rampant official corruption, gross violations of human rights, economic decline, deforestation and drought—Sudan has suffered every imaginable calamity.

Blessed with some of the richest soil in the world, Sudan was once able to feed itself. But for the past three decades it has been plagued by conflict between the Islamic north and Christian south. The conflict has been brutal almost beyond description. Food has been used as a weapon by both sides, with devastating consequences.

The previous administration was slow to pressure the Sudanese Government and the SPLA rebels to allow shipments of relief food to get to people in need. Fortunately, the Bush administration has actively pressured both sides to negotiate a political settlement of the war, and actively supported the U.N. relief effort there.

The Committee wholeheartedly supports the United Nations' operation lifeline Sudan [OLS] which appears to have prevented a recurrence of the massive deaths by starvation caused last year by the civil war. This emergency assistance program launched under the U.N. umbrella in early March 1989, with the cooperation of a number of United Nations agencies, the International Committee of the Red Cross, the Government of Sudan, the Sudan's People Liberation Army, many nongovernmental organizations, and with active support from AID's office of Foreign Disaster Assistance has saved the lives of many thousands of people, although its work is not yet complete. The United Nations has reported that relief supplies are being transported by road, air, railway, and river routes, both in government and SPLA—controlled areas through special corridors of tranquility.

Against enormous logistical and political odds, the operation has prepositioned some 85,000 metric tons of food and relief supplies in the south of Sudan. However, the operation estimates that some 120,000 metric tons of food and supplies are required to sustain the

people of southern Sudan during the long rainy season which is well underway and has issued an appeal for additional funding to extend the program through December of this year. The Committee takes note of the uniqueness and precedence value of the operation, essentially an agreement by warring parties to provide some protection for vulnerable civilians on both sides of the conflict. It is an exercise worth repeating in many other conflict ridden areas.

While the Committee applauds these actions, the situation is far from stable. Thousands more could starve this year if food does not arrive before the onset of the rains make transport impossible. There is still no sign that the new Sudanese president is prepared to take the bold steps that are needed to avert another disaster.

Despite being one of the largest beneficiaries of United States assistance in Africa, Sudan's economy is a shambles. The Committee believes that until the new government demonstrates that it is committed to negotiations to end the war, seriously address the basic needs of the Sudanese people, and respect human rights, long-term development assistance to Sudan will be wasted. Accordingly, the Committee has included a provision requiring prior notification of any assistance funded in this bill for Sudan.

TUNISIA

The Committee recommends that a total appropriation of $42,500,000 be earmarked for Tunisia in fiscal year 1990, $30,000,000 in FMS and $12,500,000 in ESF.

The Committee recognizes and is encouraged by the significant progress made by the Tunisian Government toward major political and economic reforms. The Government has encouraged the expansion of the role of the private sector. Tunisia implemented agreements with the World Bank and the International Monetary Fund calling for economic reforms and increased emphasis on private enterprise.

On the political side, Tunisia held its most open and free elections since independence in 1956, with a wide range of opposition parties participating. Over 10,000 previously held political prisoners have been released by the government and their full civil rights restored after the enactment into law of a general amnesty announced last April by President Ben Ali in his inaugural speech. Moreover, most political parties have been legalized.

The political liberalization and economic structural changes have continued despite severe economic problems. The twin disasters of severe drought and locust infestation have dramatically decreased Tunisia's grain yield. Last year the crop averaged approximately 300,000 tons, down from 1,900,000 tons the previous year. This year's crop yield is estimated to be about 400,000 tons.

Thus, Tunisia has had to divert resources from other sectors of the economy for the import of grains. A significant percent of the entire national budget is for the purchase of these commodities. Moveover, Tunisia faces a large debt service burden. In 1988, its total debt service was approximately $1,000,000,000. As a result of the dual problems of drought and debt, economic growth predictions for 1989 have decreased from 5 to 6 percent to 3.5 percent.

The Committee supports Tunisia's economic and political reforms and, therefore, recommends the provision of $12,500,000 in ESF for Tunisia in order to enable Tunisia to meet its economic objectives and assure continued economic progress.

The Committee also supports the provision of $30,000,000 in military assistance which will allow the maintenance of previously purchased U.S. military equipment. The Committee notes that Tunisia will repay more than $46,000,000 on previous FMS loans and has been exemplary in meeting its previous loan arrangements despite unexpected budgetary demands.

ZAIRE

The Committee acknowledges the efforts of President Mobutu to mediate the civil ware in Angola between the MPLA and UNITA. That conflict, which has gone on for more than a decade, has caused immeasurable suffering and President Mobutu's support for a negotiated settlement is welcome. The Committee hopes that President Mobutu's helpful assistance to settle the war will continue. The Committee also recognizes the strategic importance of Zaire to the United States, and will, for these reasons, continue to provide a small amount of military assistance to that country.

On the long-standing issues of human rights and official corruption, the Committee remains deeply concerned. Despite the government's recent public statements in support of human rights and its formation of a Department of Citizens' Rights and Liberties, there is as yet no convincing evidence that this office will perform any meaningful role. The Committee continues to receive credible reports of rampant government corruption and widespread human rights abuses by the security forces. These reports, including from the State Department, describe a pattern of arbitrary arrests, beatings, and detention of ordinary citizens and political opponents of the government. Corruption in the judical system is pervasive. The new Department of Citizens' Rights and Liberties has yet to resolve a single human rights case.

The Committee wishes to remind the Government of Zaire that human rights play a central role in United States foreign policy. The threshold test for the Committee in determining whether to provide U.S. assistance is governed by sections 502B and 116(a) of the Foreign Assistance Act. The Committee has grave misgivings about providing assistance to the government of a country where human rights abuses are an everyday occurrence, and whose leader has amassed a personal fortune estimated in the billions of dollars. The Committee notes that the average annual per capita income is only $180, and that according to the administration, $400,000,000 in Zaire's foreign exchange reserves disappeared last year despite efforts by the World Bank and IMF to account for them.

Therefore, the Committee has made assistance to Zaire subject to reprogramming procedures, and included a requirement that, to the maximum extent practicable, any economic assistance to Zaire be channeled through PVO's. The Committee emphasizes that it intends to pay close attention to the human rights situation in Zaire during the coming year.

TITLE I

MULTILATERAL ECONOMIC ASSISTANCE

International Financial Institutions Summary

Fiscal year 1989 level	$3,742,665,216
Fiscal year 1990 request	4,164,057,424
Committee recommendation	3,819,049,950

The Committee recommends a total level of funding shown above for the eight international financial institutions funded by this bill (International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian development fund, the African development fund, the African Development Bank, and the enhanced structural adjustment facility of the international monetary fund).

U.S. Interests in Participation in the MDB's

The multilateral development banks [MDB's] are among the most effective means by which the United States attempts to promote economic development in the Third World. The United States has always been a strong supporter of the MDB's. They are a major source of financial and technical assistance to developing countries, and the bulk of their loans go to countries of importance to the United States, such as Argentina, Mexico, and Brazil. Our contributions to these banks reflect our belief that continued market-oriented growth leads to improved living standards and political and economic stability, which results in better and larger markets for U.S. products.

Although they are often criticized, these institutions serve important U.S. interests around the world. In fiscal year 1988, the Treasury Department reports that American companies received $1,400,000,000 as a result of foreign procurement from the World Bank alone. U.S. humanitarian interests are served by bank projects designed to alleviate poverty and foster equitable economic growth in the poorest countries. In an age when the world economy and environment are becoming increasingly interdependent and connected, the multilateral development banks can play an increasingly important role. And, when budget constraints do not permit increases in our bilateral aid programs, the multilateral banks become even more important because other donor countries share the financial burden.

While the Committee has supported the multilateral banks in the past, it has often pressed them to reform in various ways. Perhaps most notable has been the need for the MDB's to give greater consideration to the environmental impact of their loans. This con-

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tinues to be an issue of great concern to the Committee. Additionally, the Committee is concerned about the MDB's role regarding the international debt crisis, and their emphasis on promoting economic growth through exports in connection with structural economic reforms. These issues are discussed below.

Environmental Concerns

The Committee is deeply concerned about significant operational problems in MDB projects, which are directly attributable to the lack of consultation and involvement with organizations in developing countries representing the interests of populations directly affected by those projects. The MDB's have made little effort to consult with local organizations that have the most information on the potential environmental and social impacts of MDB projects. The Committee believes it is essential that each MDB implement a comprehensive system for reviewing the environmental impact of each potential loan. The review process should provide for the full comment of local NGO and government officials. The findings and conclusions of that review process must be fully incorporated into the final loan agreement.

Debt-for-nature.—The Committee is deeply disappointed by the failure of the World Bank to carry out the recommendations of the U.S. Treasury Department on debt management and conservation, in response to the directions of this Committee in the fiscal year 1989 appropriations bill. The Treasury Department made several innovative recommendations, including establishing a pilot project on debt-for-nature exchanges at the World Bank.

The Committee notes that the Treasury Department's recent proposal for the World Bank and the IMF to have substantial roles in the implementation of a debt relief plan for heavily indebted countries (the Brady plan), makes the full implementation of section 537(c) of the foreign aid appropriations bill especially crucial. The World Bank has made a public commitment to seek the reduction of debt owed by developing countries, though it has yet to announce any requirements of improvements in the management of natural resources by those countries. Similarly, the Secretary of the Treasury has expressed to the Committee his support for, and intentions to incorporate natural resource management initiatives into the Brady plan. The United States has already announced the restructuring, and in some cases forgiveness, of debt owed by developing countries. However, in no case has a commitment been received that greater emphasis would be placed on the conservation and sustainable use of natural resources by the borrower countries. The Committee reiterates that the failure to secure significant commitments to resource conservation by many developing countries will result in both serious environmental degradation and the loss of key economic assets. We believe that every opportunity should be used to leverage the commitment to natural resource conservation.

Since economies of developing countries are largely dependent on natural resources, debt restructuring initiatives which fail to include improved resource management will fail to protect future economic opportunities in those countries. Therefore, the Commit-

tee has directed the U.S. Executive Directors of each multilateral financial institution to seek natural resource conservation initiatives as a component of debt reduction strategies, and, with the assistance of the Secretary of State, to seek the support of other donor countries in this effort. These initiatives should include, but are not limited to, debt-for-nature exchanges or the shifting of a larger portion of a lending program to natural resource protection. Additionally, the Committee has included language in the bill directing the Secretary of the Treasury to incorporate natural resources management initiatives as a key criteria of the Brady plan.

Energy.—The Committee finds that the MDB's can play a major role in helping developing countries meet their energy needs in ways which minimize carbon dioxide emissions, by helping to develop and implement energy strategies which focus on improving energy efficiency and the use of renewable energy resources. The Committee has included bill language directing the U.S. Executive Directors to the MDB's to urge the MDB's to focus their energy lending on the key countries which contribute the bulk of greenhouse gas emissions. This will be an important complement to the initiative the Committee is recommending elsewhere in the bill wherein AID is to undertake a sustained and significant effort to respond to the global warming phenomenon. The Committee urges the MDB's to assist borrowing countries to overcome the technical, institutional and financial constraints which often discourage investment in end-use efficiency and renewables.

The Committee continues to be very concerned about the lack of expertise on energy conservation technologies within the MDB's, and expects the MDB's to increase the number of professional staff trained in end-use efficiency, conservation and alternative energy systems.

Last year, the Congress urged the MDB's to increase their support for energy efficiency and renewables. Regrettably, the MDB's record of lending for these purposes remains poor. The MDB's technical staffs are weak in these areas, and the MDB's have not developed a methodology for least-cost energy planning which allows for investments in end-use efficiency and renewables to be considered as alternatives to conventional energy supply. The Committee has included bill language which requires this, and expects to be informed by April 30, 1990, about the progress each MDB is making in this regard.

Tropical forestry.—The Committee notes that the impact of the MDB's on tropical forests dwarfs that of the largest bilateral assistance program. As in the case of energy, the Committee has included bill language directing the U.S. Executive Directors of the MDB's to urge the MDB's to focus their forestry lending on the key countries which contribute the bulk of greenhouse gas emissions.

The Committee is encouraged by the World Bank's recent announcement that it is tripling its lending in the forestry sector. However, while the right words are being said, it appears that little investment in sustainable tropical forestry management is actually taking place.

Defects in the MDB's project planning process continue to inhibit support for environmentally sound projects. Because the MDB's insist on strict secrecy in negotiations with borrowing country gov-

ernments, local populations that are the intended beneficiaries of MDB lending are often unaware of proposed projects that will seriously affect their lives and well-being.

The Committee believes that it is not enough for MDB lending to avoid harming the environment. The MDB's should be leaders in conserving existing forests and in creating new forested areas. These efforts should be coupled with procedural reforms to ensure that MDB lending is responsive to the needs and concerns of local populations.

The Committee expects that the Treasury Department will direct the U.S. Executive Director of each MDB to prepare within one year, for each MDB, an analysis of the impact its current forestry sector loans will have on borrowing country emissions of CO_2, and proposals for specific forestry activities to reduce CO_2 emissions below projected levels. The Committee expects that this analysis will be included in the Treasury Department's annual report on the progress of MDB's in implementing environmental provisions.

Environmental assessments.—The Committee believes that it is essential that each MDB implement a comprehensive system for reviewing the environmental impact of each potential loan. The environmental findings of such reviews must be fully incorporated into each final loan agreement. The Committee is aware of legislation to require each MDB to develop a U.S. modeled environmental impact statement. While the Committee believes this process works well in the United States, it believes that the environment of developing nations would be better protected if each MDB developed a comprehensive process to guide that institution.

The Committee is aware of the recently announced World Bank environmental assessment policy. The Committee supports the adoption of such a policy, but believes its use must be mandatory to be effective. Such review policies should provide for the full comment of expert NGO and local government officials.

In addition, the Committee believes that each MDB should work with borrower nations to assist them in developing domestic environmental review criteria. The protection of environmental resources will be best served when a comprehensive environmental protection review is fully adopted by these nations.

International Monetary Fund.—The Committee finds that the International Monetary Fund [IMF] has a significant impact on the global environment. Its macroeconomic policy prescriptions and conditions can have a major influence on the management and use of natural resources. IMF polices and programs of economic stabilization and adjustment can aggravate the extent of poverty among vulnerable populations, increasing pressures to exploit forests and fragile lands. These policies and programs can also push governments to exploit natural resources to meet short-term balance of payments goals, and can cause them to forgo needed long-term environmental investments to meet short-term adjustment criteria. Currently, the IMF lacks the professional expertise and experience to review and analyze the implications of its policy prescriptions and conditions for the environment, public health, and poverty.

Therefore, the Committee has included bill language directing the Secretary of the Treasury, through the U.S. Executive Director to the IMF, to promote policy and staffing changes to properly ad-

dress these issues. The Committee has also directed the Secretary to report on the IMF's progress in implementing these reforms.

International Debt Crisis

For many of the developing countries, the 1980's will be long remembered for their social instability brought on by increasing poverty and mounting external debt. Ten years of declining investment, low productivity, and diminished export earnings have led to severe inflation and a serious decline in living standards in many countries of Africa, Asia, and Latin America. The optimism which accompanied decolonization in the 1950's and 1960's has given way to a gloomy pessimism that there is no way out of the downward debt spiral.

The debt crisis poses a serious threat to fragile democracies, and to markets for American products. It is also directly responsible for increased poverty, and a growing reliance, particularly in Latin America, on production and trafficking of narcotics. Nothing more dramatically illustrates the human impact of the debt crisis than UNICEF's 1989 report "The State of the World's Children." UNICEF estimates that over 500,000 children died during the past year due to the impact of the developing world's debt on the poorest segments of society. Spending per person on health and education has declined by 50 percent and 25 percent respectively in these countries. It is a moral and economic tragedy that the weight of the debt burden has been borne most heavily by the poor, particularly children.

The United States has a major stake in the amelioration of the international debt crisis. Together with other bilateral donors, the MDB's and commercial banks, a way must be found to substantially reduce, if not eliminate, the enormous $1,200,000,000,000 now owed to foreign creditors.

The Committee believes the Brady plan, which for the first time emphasizes the importance of debt reduction rather than growth through increased debt, is an important step in the right direction for addressing the debt crisis. However, it must be recognized that the U.S. Government, by itself, lacks the resources necessary to make a significant impact on the debt crisis. The Committee is very concerned that the Brady plan lacks sufficient incentives for commercial banks to reduce debt, and that the taxpayer is being called upon to shoulder this burden through increased contributions to the international financial institutions. As convenient a solution as this may be to commercial bankers, it was they who accepted the risk by extending these loans in the first place, and it should be they who lead the way in assisting these countries in salvaging their economies.

Therefore, until there is a concerted effort by commercial banks to reduce debt, and demonstrable progress by developing countries to reform their failing economies, the Committee cannot support full funding for the hard-loan window of the World Bank.

Structural Adjustment

The Committee notes that during the past several years, the MDB's, and to an increasing extent the administration's bilateral

economic aid policies, have emphasized structural adjustment programs designed to produce major reforms in the economies of developing countries leading to economic growth. These programs have generally involved a combination of demand-reducing policies aimed at bringing about external and internal equilibrium, and supply-increasing policies aimed at shifting incentives toward production of tradable goods, especially for export. These programs have also involved efforts to improve public sector performance through effective planning and management of public sector institutions and investments.

Structural adjustment programs have been in place in a number of developing countries during the 1980's, and, because of their mixed results, have generated considerable controversy. While the Committee endorses the importance of major economic policy initiatives to reform the overcentralized, inefficient economics of developing countries, it is concerned that these structural adjustment programs may, in some cases, have a significant negative impact on the poor. Not only do these people suffer when public spending for social services is cut and currency is devalued, but, especially in sub-Saharan Africa, macroeconomic policies which favor exports may bypass or further marginalize the majority of people who are small-scale, rural farmers. The World Bank's own "World Development Report 1989" indicates that during the 1980's the standard of living of millions of the poorest people has fallen dramatically under structural adjustment programs that have included wage reductions, a tightening job market, and cutbacks in government spending for social services.

These smallholders comprise 70 percent of the population of sub-Saharan Africa. The poorest countries lack the resources to sustain large-scale social welfare programs over the long term, and for the indefinite future the lives of the majority of the poor will depend on improvements in their ability to produce for local consumption. The Committee believes strongly that long-term solutions for these countries require both structural adjustment measures and economic reorientation supportive of the smallholder sector. The Committee, therefore, recommends that the Secretary of the Treasury direct the U.S. Executive Directors to the MDB's to urge those institutions to encourage and assist countries receiving structural adjustment loans to develop strategies to enhance basic nutrition, health care, education, and the productivity of the poor.

IMF Enhanced Structural Adjustment Facility

The ESAF, with over $8,500,000,000 in resources, was established to provide assistance on highly concessional terms to the poorest countries in sub-Saharan Africa in support of their efforts to implement needed economic reforms.

The Committee views the ESAF as an important element in the international effort to deal with the serious economic problems confronting the world's poorest countries. Most of these countries continue to suffer from years of poverty, civil strife, mismanagement, and environmental neglect. The resources which the ESAF can bring to bear in these countries can far exceed the amounts provided by U.S. foreign assistance programs. The Committee

deeply regrets that budgetary stringencies and lack of progress on authorizing legislation made it impossible to find the funds for a U.S. contribution.

Although it supports the concept behind the establishment of the ESAF, the Committee is concerned that the proposal is not comprehensive enough to address the debt issue worldwide. While the public debt of many African nations is clearly more serious than the debt burden faced by countries in other regions of the world, there are still many countries which do not qualify for assistance under the ESAF Program yet face massive multilateral debt payments. The Committee is concerned that there is at the present time, no U.S. policy to address those problems.

Several relatively high-income countries face severe multilateral debt burdens which impede any prospect for economic growth. For example, during the 1980's, multilateral lending to Jamaica was so high that this debt now makes up almost 40 percent of Jamaica's total official debt. At the urging of the United States, Jamaica has undertaken painful IMF-supported economic reforms. This has enabled Jamaica to reschedule its private and bilateral debt. However, because multilateral debt cannot be rescheduled, it remains a crushing burden despite fiscal austerity measures, further weakening Jamaica's ability to sustain economic reform. This contradiction, which also affects other key strategic allies of the United States such as the Philippines, Morocco, and Egypt, causes multilateral debt to undermine the efforts of the IMF, the World Bank and most bilateral donors, including the United States, to support economic reform.

The Committee directs the administration to study alternative ways to expand the countries which qualify for relief either through the ESAF, or a similar facility, and to report to the Committee on how this issue can be addressed.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Appropriations, 1989	$50,000,795
Budget estimate, 1990	90,251,869
House allowance	
Committee recommendation	50,000,795

The administration's funding request for fiscal year 1990 for the World Bank is $90,251,869 in paid-in capital, and $2,241,863,586 in callable capital. Of this request, $20,914,488 is for the balance of the first installment to the general capital increase funded in fiscal year 1989. The remainder is intended for the second installment of that GCI.

The Committee recommends the appropriation of $50,000,795. This is the same amount as was appropriated in fiscal year 1989, and provides the entire fiscal year 1990 callable capital request.

Salary Increase

In addition to the Committee's concerns about environmental and debt matters relating to the MDB's discussed elsewhere in this report, we are very concerned about recent actions taken by the

World Bank and the IMF to award pay increases to its already generously compensated employees. We are told that these increases, representing an average of 17 percent, are needed to attract qualified people to the Fund and the Bank. Since qualified Americans historically have had a difficult time securing employment at these institutions, such justification is simply not credible. In any event, the size of the salary increases is not justifiable in these times of budgetary squeeze. Some of the salary increases proposed by the Bank and the Fund are as high as 25 percent, on top of tax-free salaries in excess of $100,000 a year.

The Committee believes it must be pointed out that none of the funds provided by the United States will be used to pay for this salary increase. The increase will be met from profits on bank operations, not from national contributions. The salary increase is a problem not because it siphons off U.S. contributions meant for Third World development, but because of the perceptual impact of World Bank executives and employees, already enjoying generous benefits, perquisites and exemptions, receiving even greater salaries while poverty and misery in the nations they are supposed to be helping worsen.

The vital role of the World Bank in Third World development and in meeting the needs of the poor the world over compells the Committee to quell its anger over this salary action and recommend a contribution at the fiscal 1989 level. The Committee does so in full awareness that this will place the United States approximately another $20,000,000 in arrears, on top of a similar arrearage in fiscal 1989.

The Committee, therefore, strongly recommends to the Department of the Treasury that it make known to the President and the Directors of the World Bank the extreme displeasure of Congress at the recent salary increase, and the damaging impact such a large increase has on support for the World Bank in Congress.

Population Issues

The Committee is concerned that despite public expressions of support for global population control by World Bank officials, the Bank has played a relatively minor role in international family planning assistance. In 1988, lending for population activities was just over $82,000,000, less than one-half of 1 percent of annual Bank lending totaling almost $20,000,000,000. Population loans have also had limited geographic coverage. In the 1980's, the Bank has financed major population projects in just 7 countries; health projects in another 25 countries have small population components. Particularly disturbing is that few of the health projects planned for Africa, where population growth rates have reached unprecedented levels, include family planning components. The Bank has for the most part avoided the issue in Latin America, despite the increasing recognition of governments in that region for the need to slow population growth.

The Committee believes that the World Bank, with its enormous financial resources, is vital to solving the global population problem. The Committee acknowledges that World Bank assistance has played an important role in establishing family planning programs

in India, Bangladesh, and Indonesia, countries with critical population problems. It has also helped shape population policies and build health infrastructure on which family planning programs are based in a number of other countries. However, while the Bank's efforts to strengthen social and economic institutions, such as education, contribute to lower birth rates, much more needs to be done.

The Committee, therefore, urges the Treasury Department to direct the U.S. Executive Director to the World Bank to support increases in the number of freestanding population projects and the number of countries to which it provides population loans. A reasonable benchmark would be approval of at least eight new loans for population activities in fiscal year 1990. The Committee also urges the Bank to raise the need for population action programs in its policy dialog with all countries where high population growth rates are constraining economic and social development.

In order to facilitate such an expansion of the Bank's support for population control, the Committee strongly urges the Bank to increase the number of staff assigned to work on population programs. The Committee directs the U.S. Executive Director to the Bank to submit a report by September 30, 1990, detailing total Bank lending for population activities during the Bank's fiscal year June 30, 1990, the allocation of population loan funds by country, and the amount of time spent by Bank staff on population-related activities.

Tables reflecting historical U.S. contributions to the World Bank, as well as the current replenishment of these resources, follow:

ACTUAL U.S. SUBSCRIPTIONS

[Dollars in millions]

Through fiscal year 1988	Total	U.S. share	U.S. percent of total
Paid-in	$7,950.8	$1,577.6	19.84
Callable	89,819.9	16,361.7	18.22
Total	97,770.7	17,939.3	18.35

CURRENT REPLENISHMENT

[Dollars in millions]

Through fiscal year 1988	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
Paid-in	$2,999.3	$639.9	21.3	$639.9	100.0
Callable	41,032.5	7,921.9	19.3	7,921.9	100.0
Total	44,031.8	8,561.8	19.4	8,561.8	100.0

[1] Subscribed subject to a program limitation; in the event a call were necessary, appropriations would still be required.

INTERNATIONAL DEVELOPMENT ASSOCIATION

Appropriations, 1989	$995,000.000
Budget estimate, 1990	965,000,000
House allowance	965,000,000
Committee recommendation	965,000,000

The administration requests $965,000,000 in appropriated funds for the International Development Association [IDA], the so-called soft loan window of the World Bank. This institution is the world's largest source of multilateral development assistance lending on concessional repayment terms. The fiscal year 1990 request is for the third installment of the U.S. contribution to the IDA VII replenishment which began in July 1987. The Committee recommends the appropriation of the full request.

Tables reflecting historical U.S. contributions to the International Development Association, as well as the current replenishment of these resources, follow:

ACTUAL CONTRIBUTIONS

[Dollars in millions]

Through fiscal year 1988	Total	U.S. share	U.S. percent of total
Contribution	$53,056.2	$14,766.1	27.5

CURRENT REPLENISHMENT

[Dollars in millions]

Through fiscal year 1988	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
7th replenishment	$12,396	$2,875.0	23.2	$915.0	31.8

INTERNATIONAL FINANCE CORPORATION

Appropriations, 1989	$4,891,528
Budget estimate, 1990	114,936,472
House allowance	88,000,000
Committee recommendation	75,000,000

The administration requests $114,936,472 for the International Finance Corporation, which, like the IDA, is a member of the World Bank Group. The IFC was established to further economic development by promoting private sector enterprises in its member countries.

The Committee recommends the appropriation of $75,000,000 for this institution in fiscal year 1990.

In the past, because of budget constraints and because this particular arm of the World Bank had such high outlay rates, it has been difficult to secure adequate appropriations. The Committee therefore wishes to commend the Department of the Treasury and the World Bank for working out an arrangement whereby disbursements to this arm of the World Bank are more in line with the

other multilateral development institutions. In this way, the IFC is not as large a target for outlay savings as it has been.

Unfortunately, because of the tight budget situation, the Committee has had to recommend substantially less than the administration's request for fiscal 1990. This is not because of Committee dissatisfaction with the performance of the IFC, but because of the need to save outlays. This reduction from the administration's request is further painful evidence of the long-term damage created by the secular decline in real resources in the foreign assistance program.

INTER-AMERICAN DEVELOPMENT BANK

Appropriations, 1989	
Budget estimate, 1990	$120,842,612
House allowance	63,724,629
Committee recommendation	85,342,612

The administration has requested a total of $120,842,612 for contributions to the Inter-American Development Bank. This includes $63,724,629 for the fund for special operations [FSO], the soft loan window of the Bank, $31,617,983 for the paid-in capital of the Bank, and $25,500,000 for the Inter-American Investment Corporation [IIC]. The Committee recommends the appropriation of $31,617,983 for the paid-in capital and $53,724,629 for the fund for special operations. The Committee is forced by the need to find outlay savings to recommend no contribution to the IIC for fiscal 1990.

The Committee is pleased that the new IDB replenishment calls for several environmental initiatives, including a commitment to hire new staff that is professionally trained in environmental and social sciences, a commitment of increased investments in environmentally beneficial projects, and a commitment to create an environmental division. These commitments represent important steps by the IDB to prevent the recurrence of the serious environmental problems that have resulted from projects it has financed in the past.

While the Committee welcomes the conclusion of the new replenishment, it remains concerned that strengthened management and management systems are not yet in place at the Bank. The Committee believes the Inter-American Development Bank must begin immediately to play a major role in solutions to the debt problem in Latin America. The ability of the Committee to continue to find funding to contribute to the IDB in the future will depend directly on the extent to which the Committee becomes convinced by evidence of concrete accomplishments that the IDB is taking a meaningful leadership position in dealing with the staggering burden of debt in Latin America. While financial resources are required for such an effective role, the Committee also emphasizes the need for strong management, management systems, and the right professionals. The Committee will be monitoring carefully the measures the IDB adopts in the coming fiscal year to strengthen its management in all phases.

Procurement Reform

Two years ago, in its report accompanying the fiscal 1988 Foreign Assistance appropriations bill, the Committee noted its concern with the procurement practices of the Inter-American Development Bank, and requested the Secretary of the Treasury to provide a report on steps taken by the Bank to provide adequate review of its borrowers' procurement awards. After 22 months, the Treasury provided a six page report which is critical of the Bank's procurement practices.

The report concludes that borrowers are free to determine the specifications of goods, design their own bid documents, and conduct bid evaluations, all with minimal input from the IDB. The report notes a dramatic increase in the number of bid protests recently, and that reputable companies are deciding not to participate in IDB financed projects.

The report also states that "the Bank has often been more concerned about respecting the sovereignty of the country than it has been with making sure the executing agency is getting the best product available at the lowest price." The Committee emphasizes that IDB funds should be administered in a nondiscriminatory, competitive manner.

The Committee appreciates that the IDB has acknowledged a need for greater oversight of its borrowers' procurement practices and that staff changes have set the stage for serious change. However, due to past inattentiveness to the Committee's concerns, the Committee believes that bill language is necessary.

Therefore, the Committee has included a provision providing that funds for the Inter-American Development Bank shall be withheld from obligation until the President certifies that the Board of Governors of the IDB has adopted a resolution prohibiting borrowers from discriminating against American companies bidding on IDB financed projects. Should such a resolution not be adopted, the U.S. Executive Director is instructed to vote against any proposed IDB loan unless the borrower promises not to discriminate against any interested American company.

Tables reflecting historical U.S. contributions to the Inter-American Development Bank, as well as the current replenishment, follow:

ACTUAL SUBSCRIPTIONS/CONTRIBUTIONS

[Dollars in millions]

Through fiscal year 1988	Total	U.S. share	U.S. percent of total
Paid-in	$2,600.1	$856.9	33.0
Callable	31,482.3	10,924.7	34.7
FSO	8,290.3	4,544.1	54.8
Total	42,372.7	16,325.7	39.0

CURRENT REPLENISHMENT

[Dollars in millions]

Through fiscal year 1988	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
Paid-in	$668.3	$232.0	34.7	$200.4	86.4
Callable	14,180.8	4,923.9	34.7	4,923.9	100.0
FSO	702.6	290.0	41.3	226.3	[1] 78.0
Total	15,551.7	5,455.9	35.0	5,350.6	98.2

[1] Subscribed subject to a program limitation; in the event a call were necessary, appropriations would still be required.

ASIAN DEVELOPMENT BANK AND FUND

Appropriations, 1989	$152,392,036
Budget estimate, 1990	230,711,964
House allowance	221,896,000
Committee recommendation	152,392,036

The Committee recommends the appropriation of $152,392,036 for the soft loan window of the Asian Development Bank, which is referred to as the Asian development fund. The House recommended $221,896,000. The administration requested $230,711,964.

The Committee recommends no appropriation for a U.S. contribution to the paid-in capital of the Asian Development Bank.

The Committee's concern with the Asian Development Bank is unique in its oversight of the MDB's. It revolves around what appears to be anti-American policy emanating from the top management of the Bank. This has manifested itself in a number of ways, from a refusal to hire Americans to active efforts by the management to frustrate U.S. interests in the policies and management of the Bank.

Despite these concerns, the Committee recommends as high a contribution as possible, given budget constraints, for the Asian development fund, which makes concessional rate loans to the poorest Asian nations for development purposes. Cutting off contributions to the ADF, as opposed to the ADB, could severely damage the economic prospects of key American friends and allies in this vital region, so important to U.S. foreign policy, security and trade interests.

Fortunately, a forthcoming change in senior management of the ADB may alleviate some of the perceived problems and strains and enable the United States once again to consider contributions to the ADB itself, in addition to its soft loan window. The Bank remains a regional institution consisting of many members, and the United States is one of its major contributors. The ADB has the potential to be a driving force for development in the poor nations of Asia if it will adopt more positive policies and attitudes. The Committee will watch this institution closely as it moves forward under new leadership.

Tables reflecting historical U.S. contributions to the Asian Development Bank, as well as the current replenishment follow:

ACTUAL SUBSCRIPTIONS/CONTRIBUTIONS

[Dollars in millions]

Through fiscal year 1988	Total	U.S. share	U.S. percent of total
Paid-in	$2,289.9	$338.8	14.8
Callable	16,052.0	2,374.7	14.8
Asian Development Fund	10,150.5	1,295.0	12.76
Total	28,492.4	4,008.5	14.07

CURRENT REPLENISHMENT

[Dollars in millions]

Through fiscal year 1988	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
Paid-in	$404.7	$66.2	16.3	$66.1	100.0
Callable	7,688.8	1,256.8	16.3	1,256.8	100.0
Asian Development Fund	3,204.6	520.0	16.2	475.1	91.4
Total	11,298.1	1,843.0	16.3	1,798.0	97.6

[1] Subscribed subject to a program limitation; in the event a call were necessary appropriations would still be required.

AFRICAN DEVELOPMENT FUND

Appropriations, 1989	$105,000,000
Budget estimate, 1990	105,000,000
House allowance	105,000,000
Committee recommendation	105,000,000

The administration requests an appropriation of $105,000,000 for the African Development Fund, the soft-loan window of the African Development Bank, the same as the House recommendation. This request is for the second installment of the U.S. contribution to the fifth replenishment of the Fund. The Committee recommends the appropriation of the administration's request for fiscal year 1990.

Tables reflecting historical U.S. contributions to the African Development Fund, as well as the current replenishment follow:

ACTUAL CONTRIBUTIONS

[Dollars in millions]

Through fiscal year 1988	Total	U.S. share	U.S. percent of total
Contribution	$5,339.0	$768.7	14.4

CURRENT REPLENISHMENT

[Dollars in millions]

Through fiscal year 1989	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
4th replenishment	$1,461.0	$225.0	15.4	$225.0	100.0

AFRICAN DEVELOPMENT BANK

Appropriations, 1989	$142,408,317
Budget estimate, 1990	145,450,921
House allowance	144,450,921
Committee recommendation	144,450,921

The administration requests an appropriation of $10,641,308 for the paid-in capital of the African Development Bank and the provision of $134,809,613 for the callable capital. The Committee recommends the appropriation of $9,641,308 for the paid-in capital and $134,809,613 for the callable capital.

Tables reflecting historical U.S. contributions to the African Development Bank, as well as the current replenishment follow:

ACTUAL SUBSCRIPTIONS

[Dollars in millions]

Through fiscal year 1988	Total	U.S. share	U.S. percent of total
Paid-in	$1,629.3	$98.2	6.03
Callable	8,957.9	539.8	6.03
Total	10,587.2	638.0	6.03

CURRENT REPLENISHMENT

[Dollars in millions]

Through fiscal year 1988	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
Paid-in	$810.0	$45.0	5.5	$9.0	20.0
Callable	12,190.0	674.4	5.5	134.9	20.0
Total	13,000.0	719.4	5.5	143.9	20.0

[1] Subscribed subject to a program limitation; in the event a call were necessary appropriations would still be required.

VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Appropriations, 1989	$226,115,000
Budget estimate, 1990	209,000,000
House allowance	270,115,000
Committee recommendation	271,125,000

In addition to assessed contributions to international organizations, the United States, for a variety of humanitarian and foreign policy reasons, voluntarily contributes to various development and scientific assistance programs undertaken by the United Nations and the Organization for American States. For fiscal year 1990, the Committee recommends an appropriation of $241,125,000. The Committee has included bill language setting funding levels for the individual programs in the IO&P account (including the U.S. contribution for the International Fund for Agricultural Development, for which $30,000,000 is recommended) as indicated in the following table, which also details the administration's request and the fiscal year 1989 level.

VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS

	Fiscal year 1989 actual	Fiscal year 1990 request	Committee recommendation
U.N. Development Program [UNDP]	$111,000,000	$107,830,000	$109,630,000
U.N. Children's Fund [UNICEF]	60,400,000	33,900,000	65,000,000
International Atomic Energy Agency [IAEA]	22,000,000	25,200,000	22,000,000
U.N. Environment Program [UNEP]	9,500,000	8,000,000	10,000,000
International Convention and Scientific Organization Contributions	2,000,000	2,000,000	2,000,000
World Meteorological Organization/Voluntary Cooperation Program [WMO/VCP]	1,960,000	2,000,000	2,000,000
U.N. Capital Development Fund [UNCDF]	1,500,000	1,500,000	1,500,000
U.N. Educational and Training Program for Southern Africa [UNETPSA]	800,000	800,000	800,000
U.N. Development Fund for Women [UNIFEM]	800,000	220,000	800,000
U.N. International Research and Training Institute for the Advancement of Women	200,000	.....	200,000
UNIDO Investment Promotion Service	250,000	500,000	500,000
Convention on International Trade in Endangered Species [CITES]	650,000	200,000	650,000
U.N. Voluntary Fund for Victims of Torture [UNVFVT]	100,000	100,000	100,000
World Food Program [WFP]	980,000	.....	980,000
U.N. Trust Fund for South Africa [UNTFSA]	500,000	250,000	500,000
U.N. Fellowship Program	245,000	200,000	245,000
U.N. Institute for Namibia [UNIN]	110,000	.....	.....
U.N. Center on Human Settlements	400,000	.....	400,000
International Fund for Agricultural Development [IFAD]	2,500,000	.....	30,000,000
World Heritage Fund [WHF]	220,000	200,000	220,000
Intergovernmental Panel on Climate Change	.....	100,000	100,000
U.N. Afghanistan Emergency Trust Fund	.....	16,000,000	13,500,000
Subtotal, United Nations			
Organization of American States development assistance programs [OAS]	10,000,000	10,000,000	10,000,000
Total, International organizations and programs	226,115,000	209,000,000	271,125,000

United Nations Development Program [UNDP]

The Committee recommends an earmark of $109,630,000 within the "International organizations and programs" [IO&P] account for the United Nations Development Program [UNDP] in fiscal year 1990. This is the same as the administration's request and $1,160,000 less than the House recommendation.

For 40 years UNDP has worked to promote growth through development. The activities of UNDP now extend to 112 countries and territories, encompassing 112 field offices, utilizing 5,790 national and international personnel, involved in 5,901 ongoing projects. As one of the world's principal multilateral development organizations, with resources of over $1,100,000,000, UNDP has a unique capacity to serve both the large and the small infrastructure needs of poor nations. This Committee regrets its inability to maintain the U.S. contribution to the UNDP in fiscal 1990 at the fiscal 1989 level.

The Committee is concerned by the announcement that the UNDP will provide the Government of Libya with $1,730,000 to strengthen the telecommunications network in the country (LIB/88/008), as well as $1,760,000 (LIB/88/003) to improve the caliber of its national employees, through the provision of training and study tours. The Committee believes that the UNDP should not be providing project assistance to countries which the World Bank classi-

fies as upper-middle-income. Libya is ranked 91st of 120 nations with the highest GNP per capita. Moreover, the Committee feels strongly that countries known to be involved in international terrorism should not be recipients of United Nations development funds. The Committee will carefully scrutinize UNDP's programs in fiscal 1990 for any repetition of assistance to terrorist nations such as Libya.

UNICEF

The Committee reaffirms its strong support for the work of the United Nations Children's Fund by recommending an earmark of $65,000,000 in fiscal year 1990, of which $3,000,000 is to be held in trust for Childhope. This recommendation should be viewed in contrast to the President's budget request of $33,900,000, a 45-percent cut from the $60,400,000 level enacted last year.

In the past, the Committee has included language in the bill requiring obligation and disbursement of the U.S. contribution to UNICEF within 30 days of enactment of the Foreign Assistance Appropriations Act. However, the disbursement of funds to any organization in advance of its cash requirements amounts to an indirect appropriation of the interest it will earn on excess cash balances. Given the tight budget limits within which the Committee must operate, we can no longer recommend accelerated disbursements of the U.S. contribution to UNICEF. Therefore, the Committee directs the Department of State to return to the practice of quarterly payments over UNICEF's fiscal year.

Once again the administration has requested a funding level grossly below what is required to sustain the fight against childhood disease and hunger. Since this tactic has been employed for several years, the Committee assumes this is budgetary gamesmanship by the administration, which knows full well Congress will restore a decent funding level. Nevertheless, the Committee believes it is time to cease such games, which are harmful to the long-term interests of a program which has proved to be one of the most successful examples of primary and preventable health care intervention. Other nations often take their cue from the administration's budget request for their own contributions to UNICEF. Low administration budget requests, even if rectified later by Congress, undermine UNICEF's fundraising ability, and harm the interests of the world's children. UNICEF's planning is hampered by uncertainties about the U.S. contribution.

UNICEF programs are largely responsible for the reduction in infant mortality in the developing world from an average of 2.5 percent in 1950 to an average of 1.7 percent in 1985. The Committee recognizes the critical role played by UNICEF in eliminating preventable death and disabling illness, especially among children, through intensified international collaboration. The Committee reaffirms its support for the United Nations goals of universal childhood immunization by 1990 and health for all by the year 2000, and wholeheartedly endorses the call for the convening of a World Summit on Children.

UNICEF reports that immunization rates, which were below 10 percent in 1980, now are almost 60 percent worldwide. Over 100

countries are accelerating their efforts to reach a goal of 80 percent. In recommending an increase in UNICEF funding in fiscal year 1990, the Committee is confident that its concern for global immunization will move other nations to increase their donations to this most worthwhile effort.

In fiscal year 1989, the United States provided $60,400,000 in general resources to UNICEF as well as $28,400,000 in both supplementary and emergency funds, placing the United States first among the fund's top five donors. Nevertheless, U.S. leadership in UNICEF is due to the determination of Congress to maintain U.S. contributions, rather than to administration vigor. UNICEF is one of the few organizations which has had an exemplary track record of service through direct intervention.

UNICEF's emphasis on low-cost, high-impact primary health care delivery and nutrition services, serves to empower families by protecting the well-being of their children. Today, these programs are saving an estimated 2,500,000 lives per year.

CHILDHOPE

The Committee has asked that UNICEF continue to develop its working relationship with Childhope, an organization to assist street children, by providing quick disbursement of the funds it holds in trust for that organization. In the past, the Committee has directed the administration to see to the annual early disbursement of the U.S. contribution to UNICEF in recognition of its critical cashflow needs. The Committee wishes to acknowledge the important work of Childhope in the Philippines and the positive influence it is having on public awareness of the street-children issue.

The Committee appreciates UNICEF's offer to assist Childhope and to continue its cooperation and collaboration in the field. The Committee is confident this relationship will contribute positively to the betterment of the world's neglected children and will review the progress made by both organizations during the next legislative cycle.

United Nations Environmental Program [UNEP]

The Committee recommends $10,000,000 for UNEP in fiscal year 1990, an increase of $2,000,000 over the administration's request and $2,000,000 below the level recommended by the House.

In the past, the Committee has expressed concern about difficulties UNEP has had in prioritizing its allocation of funds and effectively implementing programs to protect the environment. In its report last year, while acknowledging UNEP's important contribution in developing the Montreal protocol to protect the ozone layer, the Committee urged UNEP to reconvene negotiations to further reduce emissions of ozone-depleting chemicals, and to initiate a program to address the problem of global climate change.

The Committee believes that in the past several years UNEP has made progress toward utilizing its budget to achieve tangible results in protecting the environment. While the Committee remains concerned about UNEP's ability to implement effective programs, it believes that without additional support UNEP cannot carry out its responsibilities to coordinate international action to protect the

environment and manage natural resources. At a time when the need to address global environmental problems is being voiced on every continent, UNEP's role is becoming increasingly important.

The Committee agrees with the administration report on UNEP of August 4, 1989, which states, inter alia, that "Its programs provide the United States with a forum for making signficant impact on the environmentl policies of other countries, and an opportunity to address issues with transboundary implications." The administration concludes, "Given the overlap between expressed U.S. priorities and the areas which the UNEP Governing Council established as priorities in May 1989, and the extensive use made of UNEP data by interested agencies, continued U.S. participation in UNEP is highly desirable."

Despite the administration's expressions of concern for the environment and recognition of UNEP's responsiveness to U.S. interests, its request of $8,000,000 is a reduction from the $9,500,000 appropriated in fiscal year 1989. This sends the wrong signal at a time when the United States should be demonstrating its strong support for the multilateral effort to protect the environment that is so urgently needed. Therefore, despite budgetary stringencies, the Committee has recommended $2,000,000 over the administration's request.

The Committee also notes that the administration, in its August 4 report, suggests that in recognition of UNEP's critical work and probable future role in the negotiation of a convention on global warming "warrants serious consideration by the United States of increasing contributions to UNEP through its environment fund, as called for at the May 1989 Governing Council meeting." The Committee requests the Department of State to provide the Committee further information on the desirability of additional U.S. contributions through the environment fund as soon as possible.

As the administration so aptly points out, UNEP is not an operational agency. It plays a catalytic and coordinating role in the international environmental arena. In addition to the Montreal protocol, UNEP played a crucial role in developing the Cairo plan of action under which African nations have begun to cooperate in solving their environmental problems. UNEP's International Register of Potentially Toxic Chemicals helps developing nations control these dangerous substances. Its Regional Seas Program aids in the sound management of marine resources.

It is time for UNEP to step up its important work. Its assistance is being sought from every quarter to combat a multitude of environmental problems, including the overarching threat of global warming. In addition to assisting in developing a world convention on preventing climate change, UNEP should step up its efforts to help developing countries adopt policies to increase their energy efficiency, implement the Cairo action plan, train people in developing countries to interact more effectively with UNEP's Global Environmental Monitoring Program, negotiate a treaty to protect species habitats on a global basis, and work more closely with nongovernmental organizations that can help UNEP multiply its effectiveness. These actions will require large staff and budget commitments. The Committee has increased the amount provided to $10,000,000 to help enable UNEP to meet these challenges, and di-

rects the U.S. representatives to urge UNEP to move as quickly as possible in doing so. The Committee hopes that by signaling its strong support for UNEP it will encourage other donors tc join with the United States in giving UNEP the resources it needs to address these global problems.

U.N. Development Fund for Women and International Research and Training Institute for the Advancement of Women

Within the "International organizations and programs" account, the Committee recommends earmarks of $800,000 for the U.N. Voluntary Fund for Women [UNIFEM] and $200,000 for the International Research and Training Institute for the Advancement of Women [INSTRAW], the same amounts appropriated in fiscal year 1989. The Committee feels it necessary to earmark these levels because the administration requested only $220,000 for UNIFEM and zero for INSTRAW. The Committee is concerned that unless it earmarks these programs, its expressed wishes for funding levels might be ignored.

The Committee recognizes that women are the subsistence food producers in the developing world. In Africa, for example, women produce 80 percent of the food grown for home consumption. Women are important family income earners. They care for the children. Yet despite these realities, women receive a small fraction of U.N. development assistance. UNIFEM provides training and technical assistance programs for women and helps ensure that they are targeted for assistance in the development programs of other U.N. agencies. INSTRAW trains women professionals in the U.N. system and governments who are involved in development activities. The Committee believes both these agencies shore up a weak link in the development process by promoting the vital role of women.

Convention on International Trade in Endangered Species

The Committee is recommending $650,000 for CITES, an increase of $450,000 over the administration's request of $200,000. The Committee's recommendation is the same as the $650,000 contribution CITES received in fiscal 1989. The Committee believes saving species from extinction must be a priority of U.S. foreign assistance. By maintaining this higher level of funding the United States will remain in the forefront of the global effort to protect endangered plants and animals.

Despite CITES's reputation as one of the world's most successful conservation treaties, it has not received nearly the support it deserves. In the 14 years of CITES's existence some of our most treasured species, including the African elephant, rhinos, spotted cats, tropical birds, and exotic plants have been devastated by commercial exploitation and poaching. While the United States has been the leading supporter of CITES, the institution continues to suffer from serious underfunding and inadequate staffing. The Committee cannot take seriously the administration's request for $200,000, when at the same time it acknowledges that both the American public and other countries look to the United States to remain in

the vanguard of international conservation and preservation of endangered plants and animals. Were the Committee to adopt the administration's request, CITES would cease to function as an effective organization.

While the Committee recognizes that for CITES to succeed it must have the strong support of as many countries as possible, it believes the United States should continue to exercise leadership in the global effort to save species. The $650,000 recommended by the Committee will enable CITES to continue and expand its important work. The Committee expects that, boosted by this support, CITES will aggressively seek comparable increases in contributions from other donor countries.

International Fund for Agricultural Development

The administration requested no funds for a U.S. contribution to IFAD in fiscal 1990. The House recommends a contribution of $40,000,000.

The Committee recommends a U.S. contribution of $30,000,000 to the third replenishment of IFAD for fiscal 1990. The president of IFAD, in a letter to the chairman of the Foreign Operations Subcommittee, has indicated that he could meet essential needs if the United States could contribute $30,000,000 in fiscal 1990. However, since the negotiations for the third replenishment may not conclude until October of this year, the Committee includes bill language fencing the U.S. contribution until the third replenishment negotiations are formally completed.

IFAD is widely regarded as one of the most effective development institutions in the world. Its emphasis on small-scale grassroots projects fills a void that other aid agencies, with larger bureaucracies, are unable to meet.

Last year, the Committee noted in its report that AID shares its high regard for IFAD, and quoted AID officials as favoring a sizable U.S. contribution to IFAD's third replenishment. Unfortunately, the result of the negotiations for that replenishment fell far short of the target of $750,000,000. Instead, the donor countries agreed to only $522,900,000 for the period ending June 30, 1992, due to a substantial reduction in several of the OPEC countries' contributions. The U.S. share of the third replenishment will total $90,000,000. However, the agreement is still subject to being confirmed by the donor governments. Final agreement is expected in October.

The Committee is disappointed that several of the wealthiest OPEC countries failed to make their expected contributions to the only international institution that was uniquely set up to give the OPEC countries a crucial role. Moreover, the failure of those countries to contribute as expected resulted in the negotiation process dragging on needlessly for additional months. The Committee hopes that this does not signal the beginning of a longer decline in contributions from the OPEC countries, as their support is vital to IFAD's future. The Committee warns the administration, IFAD, and its members, above all the OPEC members, that the United States cannot be expected to make up shortfalls in the shares of other nations.

The administration did not include any appropriation for IFAD in its 1990 budget request, but in its congressional presentation document it expresses strong support for IFAD and indicates that "after a satisfactory (third replenishment) agreement is reached, the administration will request funding within existing levels for IFAD." However, despite the third replenishment agreement, the Committee has not received any funding request from the administration for IFAD apparently because the agreement has not been finalized.

The Committee believes that IFAD is too important an institution for the United States to wait a full year before making a contribution to the third replenishment. No contribution in fiscal 1990 would mean the United States would have to contribute its full share in only two fiscal years, 1991 and 1992. At the same time, the Committee understands the administration's reluctance to request an appropriation before the third replenishment agreement is finalized. Accordingly, the Committee has included language making $30,000,000 available for a U.S. contribution to IFAD in fiscal 1990, subject to the participant countries reaching a final agreement on the third replenishment.

U.N. Industrial Development Organization

The Committee recommends a contribution at the administration's request level of $500,000 for UNIDO. This important specialized agency of the United Nations acts as a middleman in bringing together the financial, industrial, and governmental bodies of the industrialized world, and their counterparts in developing countries. In addition to helping developing countries industrialize, UNIDO's activities directly benefit the United States by promoting and encouraging joint industrial venture agreements between U.S. companies and companies in those countries.

Regrettably, the U.S. office is the smallest of UNIDO's nine investment promotion services. If UNIDO is to begin to realize its potential for the United States and compete effectively with the other eight offices, stronger U.S. backing is needed. The Committee is pleased that the administration proposes doubling last year's contribution to UNIDO, and fully supports that request.

U.N. Capital Development Fund

The Committee recognizes the unique role of the UNCDF in addressing smaller-scale investment needs of the poorest countries. This important U.N. specialized agency, through grant aid or the imaginative use of credit schemes, supports micro and small-scale enterprise development in a wide range of projects in agriculture, health, transportation, industry, housing, education, and energy.

During the past 5 years, project approvals have substantially increased from $38,900,000 in 1984 to $75,000,000 in 1988. However, the growth of resources has lagged behind, standing at only $38,500,000 today. Without substantial new donations, the fund will have to reduce its operation at the very time that it is receiving large numbers of requests for support for this type of small-scale grant project assistance.

Currently, the Nordic countries contribute 77.3 percent of UNCDF's budget. The Committee recommends that a contribution of $1,500,000 be made in fiscal year 1990.

U.N. Center for Human Settlements

The Committee supports continued U.S. contributions to the U.N. Center for Human Settlements [HABITAT] which plays a critical role as a focal point for international efforts to address shelter needs. HABITAT strongly supports home ownership and private self-help approaches to solving the world's mounting deficit in low cost housing. With rapid urbanization, donor agencies need to increase their attention to meeting the needs of squatter settlements for infrastructure, shelter and, most importantly, employment. New innovative ways are called for that combine shelter and employment generation through the creation of cooperatives and nonprofit foundations, use of revolving funds and low cost construction with local materials. These approaches are particularly urgent in Africa which is the fastest urbanizing region in the world. HABITAT is a pioneer in these efforts.

TITLE II

BILATERAL ECONOMIC ASSISTANCE

Agency for International Development

The Agency for International Development [AID] is the arm of the U.S. Government which has the principal operating responsibility for U.S. economic assistance programs. AID is currently on the ground in over 60 countries, and, in addition, it manages projects in many other countries through its various regional programs. The Agency's experience and personnel make it the leading development assistance agency in the world.

Global Poverty Reduction

The Committee finds that the reduction of global poverty is a fundamental goal of United States foreign assistance, and expects the Agency for International Development to make measurable progress toward this goal by the year 2000. The Committee has, therefore, included bill language directing AID to establish a system of indicators for measuring progress toward poverty reduction and economic growth, including but not limited to certain basic indicators specified in the bill.

The Committee has also directed AID, in its annual congressional presentation to Congress, to identify those poverty reduction objectives that have been set for each country receiving development assistance, and the progress that has been achieved and future steps to be taken to achieve them.

AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION

Appropriations, 1989	$493,715,000
Budget estimate, 1990	477,760,000
House allowance	
Committee recommendation	483,715,000

The Committee is recommending $483,715,000 for agriculture, rural development, and nutrition activities for fiscal year 1990. This is an increase of $5,955,000 above the administration's request. The House recommended no separate appropriation for this account, but did recommend that AID allocate $461,930,000 to it. The amount recommended by the Committee does not include funds appropriated separately in this bill for sub-Saharan Africa.

DECLINE IN ARDN FUNDING

In its report last year, the Committee described at length the need for assistance to the agriculture sector in developing countries. Rather than reiterate those views, which are equally relevant

today, the Committee wishes to express its concern about the continuing decline in funding for this account in recent years. Whereas ARDN received $759,900,000 or 47 percent of all functional accounts in fiscal 1986, the administration proposes $477,760,000 or 39 percent in fiscal 1990, a cut of 3.2 percent from fiscal 1989. Apparently, since this is the only functional account that suffered a cut in the administration's budget request this year, it is being increasingly seen as a reservoir of funds to tap for other functional accounts which are admittedly no less deserving. The Committee believes this raiding of Peter to pay Paul within the functional accounts is folly. The research and development programs funded by the functional accounts are among the most effective of all foreign assistance programs and enjoy the strong support of the American people. The Committee's recommendations for each of these accounts for fiscal year 1990 reflect that reality.

SUSTAINABLE AGRICULTURE

The Committee recognizes that deterioration of the natural resource base worldwide poses a serious threat to any long-term agricultural solutions to the world's food supply. With populations in many of the poorest countries doubling every 30 years, the pressures on the environment to provide food and fuel for these expanding populations are enormous. Except where green revolution technologies have worked, food to satisfy growing populations in the developing countries has come largely from increasing the acreage of cultivated land. In many places this is no longer possible, as the productive land is already under cultivation and the environmental costs of farming marginal lands are too great.

The American university community has long been involved in research on the relationship between natural resource degradation and agricultural production. Recently, the Board for International Food and Agricultural Development [BIFAD] task force on sustainable agriculture issued a report calling for greater collaboration between universities, government agencies, and private environmental organizations. The BIFAD report also recommends that the Bureau for Science and Technology's Collaborative Research Support Program [CRSP], be used as a model for new initiatives in sustainable agriculture. The Committee endorses the task force's recommendations and urges the Agency for International Development to increase its support for collaborative efforts between all sectors involved in sustainable agriculture. AID should commit not less than $10,000,000 for a new Collaborative Research Support Program over the next 3 years. This new CRSP should be coordinated closely with BIFAD and should focus on sustainable agriculture and natural resource management.

Additionally, the Committee believes that the ongoing agricultural research programs, if given adequate support, could increase collaboration between U.S. scientists and their counterparts in developing countries to address these important issues. Therefore, the Committee recommends that AID provide an additional $5,000,000 in fiscal year 1990 to the Bureau of Science and Technology to support current research programs, including the ongoing collaborative research support programs.

VITAMIN A DEFICIENCY

As it has in the past, the Committee has earmarked $8,000,000 of the funds under development assistance for the AID vitamin A deficiency fund.

DAIRY DEVELOPMENT

The Committee again includes bill language providing that up to $5,000,000 is to be provided for new development projects of private entities and cooperatives utilizing surplus dairy products. While U.S. surplus milk supplies are no longer available, the program has combined technical assistance to milk producers, who are usually small, impoverished farmers, with the export of dairy cows, technology and the use of American dairy farmer volunteers. The program builds long-term U.S. markets, especially for the sale of feed grains, enhances nutritional welfare of rural and urban consumers with higher quality milk and milk products, and provides for economic development.

SMALL SYSTEM RURAL WATER DEVELOPMENT

Last year the Committee included report language urging that AID develop a pilot program to provide technical assistance for rural water programs in developing countries. Subsequently, AID has worked to develop such a program which the Committee understands may soon be initiated.

The Committee believes that it is important to meet the goal of bringing improved water supplies to rural areas by increasing the sustainability of water projects through enhanced community self-sufficiency. The Committee commends AID for its efforts to develop this program and urges its continuing support. Additionally, the Committee believes that AID should pursue expressions of interest on the part of the Governments of Guatemala and Tunisia and evaluate whether opportunities exist in those countries for development of similar community-based water projects.

INTEGRATED PEST MANAGEMENT

The Committee views the problem of insect infestation in Africa as potentially one of the most serious threats to the well-being of the continent. The Committee has every reason to believe that due to lack of resources, climatic changes, poor management, and inadequate agricultural practices, the problem of insect infestation will only worsen. There should be no doubt as to the seriousness the Committee attaches to this matter.

The Committee recommends that AID establish a permanent integrated pest management task force to coordinate and execute planning and research on the problems of insect infestation, with a special focus on Africa. In the Committee's view, such a task force should be comprised of personnel from the Office of Disaster Assistance as well as the bureaus and offices of AID with both a general and specific responsibility for agriculture programs. Scientific and technical expertise should be sought outside of AID. Diverse expert opinion on how this problem can best be handled should be reflected in the task force's deliberations.

The Committee has asked the Office of Technology Assessment [OTA] to undertake a study of the lessons learned from the recent locust and grasshopper campaign in the Sahel. The commission of this report is intended to demonstrate the Committee's commitment to this subject and the belief that changes made by humanity to its environment may have an irreversible and catastrophic affect on the development process. There are strong indications that the Sahel locust and grasshopper infestation may be a symptom of far greater changes taking place on the African continent, changes which impact every aspect of the United States foreign assistance program. The Committee plans to use the OTA report as part of its ongoing examination of the impact of global warming, population and over-cultivation on agriculture in the developing world.

No comprehensive assessment exists of the total amount of pesticide use in various developing country programs, the impact, and the total exposure to the population. The Committee directs that AID undertake such an assessment, based on information from the United Nations Food and Agriculture Organization [FAO], the World Health Organization [WHO], and the U.N. Environment Program [UNEP].

Research by ICIPE.—The Committee is aware of the important biological pest control accomplishments of the International Centre of Physiology and Ecology [ICIPE]. The Committee notes with satisfaction that the Agency for International Development has collaborated successfully with ICIPE on several occasions, most recently in the area of livestock tick vaccines and ecology population modeling, as well as integrated pest management programs in the Oyugis area of Kenya. This mutually beneficial process can be further enhanced by providing ICIPE with core support in local currency through AID's new debt for development mechanism.

DESERT LOCUSTS AND GRASSHOPPER INFESTATION

The Committee is concerned by the long-term impact on agriculture of the African and Middle Eastern desert locust upsurge. The infestation is a highly variable phenomenon that will likely surge when environmental conditions are favorable. The prospect of global warming, coupled with the over grazing of marginal lands, could result in the further weakening of semiarid agriculture.

Only after persistent demands were made by this Committee over a period of 1 year, was a desert locust task force [DLTF] established and resources dedicated to the problem. The time wasted in addressing the problem made containment all but impossible and saw the locust infestation spread across two continents. The total bill borne by the U.S. taxpayers was approximately $30,000,000 last year, when a timely response might have solved the problem at a far lesser cost.

Unfortunately, it is clear that neither the Office of Foreign Disaster Assistance [OFDA], nor AID's Africa Bureau, was prepared to meet the challenge of a major pest infestation. Bureaucratic inertia and a lack of leadership delayed the creation and implementation of an effective insect policy. Both OFDA and AID failed initially to respond effectively to repeated calls by this Committee to act. Finally, in response to pressure from this Committee, OFDA eventu-

ally established the DLTF which met weekly in Washington and led to the establishment of country coordinating committees of donors and African officials in each country where AID provides funding.

After nearly 2 years of reviewing this pest situation, the Committee has the following preliminary conclusions:

—Uncertainty over the nature and management of grasshopper and locust problems will continue. Thus, procedures should be developed making improved decisions in uncertain settings;

—Policy decisions should be based upon long-term pest management strategies emphasizing preparation for future outbreaks to support long-term development needs instead of being limited to emergency crisis management;

—Long-term sustainable crop protection requires comprehensive, multipest management solutions. Management strategies for locusts and grasshoppers should be integrated into these multipest management schemes, not undertaken separately;

—The United States has the scientific capability to provide leadership in developing long-term pest management strategies for Africa. This would require significant changes in AID's approach: Building in-house scientific capacity; and increasing its role in the international donor community;

—Effective pest management presuppose monitoring insect populations. Technologies exists for monitoring pest populations on the ground, but capacity for their use needs to be developed. Remote sensing could be developed to track areas at high risk for pests, but these should not be implemented at the expense of crucial ground monitoring at the local level;

—Indigenous local, national, and regional institutions should take the lead in this process, but donors can provide support with training and technical expertise and pilot projects;

—New pest management strategies should benefit low-resource farmers, herders, and fishermen and should support, not disrupt, local means of achieving food security. Rural education is key to this effort.

AID must test the assumptions upon which current control programs are based, including the link between insect damage and famine and where treatment is best carried out. This may mean rethinking AID's 1987 strategy statement and updating AID's reports on the pest program. A first step should include a measurement of the impact of the control program and an evaluation of the spraying program and the development of better means of measuring its costs and benefits.

The Committee believes that it is now time for the United States to turn its attention to issues of storage and disposal of pesticides and to begin regular monitoring of the health and environmental impacts of their use.

The integration pest management strategies that balance ecological, social, and economic considerations hold promise. Integrated pest management [IPM] is not well-understood by decisionmakers or regional planners. The convergence of locust/grasshopper IPM and the control of other pests should be emphasized. This recent campaign illustrates the acute lack of institutional sustainability of this program in parts of the developing world. Multipest strategies

for pest management would be one way of strengthening institutional ability. The Committee contends that working with local officials and indigenous organizations is another important approach as is providing comprehensive training for pesticide applicators.

The Committee supports the decision reached by donor nations in Fez, Morocco, in 1988 to create a locust strike force under U.N. protection to work in areas of conflict. Unfortunately, guarantees of safe passage in conflict passage in conflict areas have not yet become a reality as was evidenced by the attack on two U.S. locust spray planes.

Periodically, states have denied survey teams access to pest breeding areas, in particular, due to civil strife in Sudan, Ethiopia, and Chad. Saudi Arabia presented a major problem in 1988. Saudi Arabia is one of the major breeding grounds for the desert locust, and the source of swarms which invade Sudan. As part of its ongoing efforts to develop assessments and forecasts of locust plague conditions, OFDA requested an entry visa for a senior American locust expert to visit the Nafud Desert and the Empty Quarter of Saudi Arabia.

The American entomologist repeatedly was denied permission to enter the kingdom despite high level intervention from the U.S. Embassy. The Committee urges the Saudi Government to recognize its regional responsibilities and to cooperate with the United States in future locust survey and control efforts.

AQUACULTURE

The Committee is strongly interested in the prospects for a systematic approach toward improving protein production and consumption through new technologies and expert systems in the field of aquaculture. The Committee encourages such innovative approaches as that advanced by the partnership of Puerto Rico, Massachusetts, and Hawaii in which Third World aquaculture development will enhance not only available supplies of protein, but also will contribute to local economic development initiatives through private capital investment and job creation. This proposed project incorporates the principles for activities such as training, research, technical assistance, and institution building. The Committee expects AID to allocate funds for this project and to work with the organizations participating in this partnership.

AGRICULTURE ACTIVITIES IN POLAND

The Committee is again including in its bill a provision authorizing AID to provide up to $10,000,000 for agricultural activities in Poland which are managed by the Polish Catholic Church or other nongovernmental organizations.

POPULATION PLANNING

Appropriations, 1989	$197,940,000
Budget estimate, 1990	201,600,000
House allowance	201,600,000
Committee recommendation	220,000,000

The Committee is recommending $220,000,000 for international population control for fiscal 1990. This is an increase of $19,400,000 above the administration's request.

THE NEED FOR URGENT ACTION

The world's population today exceeds 5.2 billion and is growing at the rate of 90 million people, the population of Mexico, per year. At current rates of growth, the world's population will double in 35 years, and 95 percent of those new births will occur in the developing countries. Forty percent of the population of Third World countries is under the age of 15. Many of these nations cannot even feed their people today, and these young people are just entering their most productive childbearing years. The prospect, unless dramatic action is taken, is for continued burgeoning population, hunger, joblessness, and economies lagging far behind even the most minimal needs of most of the world's people.

The Committee believes there is no more pressing problem facing those countries and the world than population growth. The population explosion threatens to undo everything we are seeking to accomplish through our foreign aid programs. In many developing countries population growth outpaces economic growth, and destroys the natural resource base on which those countries depend for their livelihood. The severe economic and political instability which already plagues many of those countries will in all probability become unmanageable. Unless this trend is reversed we will see more hunger, more disease, more poverty, more pollution of the air and water, more destruction of forests and loss of species, more civil unrest, more government repression. Our own economy and way of life, so dependent on the world economy and environment, will not escape unscathed.

In the past the United States has been the unquestioned leader in international family planning, but today we are providing less assistance for these programs than in fiscal year 1984. The decline in U.S. funding for international family planning has hampered our ability to aggressively respond to this crisis. Millions of people in developing countries want contraceptives and cannot get them, while others lack the information necessary to make informed decisions about controlling family size.

The Committee believes the United States should be second to none in assisting the developing countries in controlling population growth, and that we should do so by supporting a wide range of activities and institutions, both bilateral and multilateral. The Committee is recommending a significant increase in funding for AID's population programs, recognizing that even this amount is far below what could be effectively used.

The Committee is concerned that despite years of expanding access to contraceptives and increasing knowledge of the existence

of family planning services in the developing countries, acceptance rates remain low in many countries and fertility rates are higher than projected a decade ago. As a result, annual growth of the world's population has risen from about 70 million people per year 20 years ago to about 93 million people per year today.

EDUCATION AND COMMUNICATION

The Committee believes that AID has devoted too few resources to information, education, and communications activities, and that of the approximately $3,300,000 spent on these initiatives, far too little attention has been given to mass media communications, especially prime-time entertainment broadcast programs to promote the status of women and increase understanding of the many benefits of planning families, including improved health and living conditions.

The Committee, therefore, strongly recommends that AID significantly increase its funding for these activities, with an emphasis on communications aimed at mass audiences through the most widely followed radio and television broadcasters in developing countries. The Committee encourages AID to engage commercial mass media and marketing professionals in the design of multimedia approaches in each country to promote these messages to the appropriate sectors of the population in a culturally relevant manner. Careful evaluation of the impact of these programs should be carried out by communications professionals or marketing experts who are not connected to the project contractors.

FUNDING RESTRICTION

The Committee is once again including language in the bill which would prohibit U.S. financial support of any organization or program which, as determined by the President of the United States, uses funds provided under AID's "Population planning" account to support or participate in the management of a program of coercive abortion or involuntary sterilization.

INFORMED CHOICE

The Committee is once again including language in the bill requiring that funding under population planning assistance be available only to voluntary family planning projects which offer information on or referral to a broad range of family planning methods and services. The provision states that in awarding family planning grants for natural family planning, AID may not discriminate against applicants who, because of religious or conscientious commitment, offer only natural family planning. However, such applicants must agree, as a condition of funding, that they will comply with the requirement to provide objective, accurate information about other family planning choices, so that clients may make informed voluntary choices.

HEALTH

Appropriations, 1989	$122,459,000
Budget estimate, 1990	125,994,000
House allowance	
Committee recommendation	125,994,000

The Committee recommends an appropriation of $125,994,000 for the Health Development Assistance Program of the Agency for International Development for fiscal 1990. This is the same as the administration request. The House proposed no separate appropriation for this account, but recommended that AID fund it at least at $134,930,000.

RIVER BLINDNESS

The Committee once again earmarks $2,500,000 of funds from the "Health development assistance" account to support the River Blindness Program executed by World Health Organization.

AGING

The Committee continues to be concerned that AID has given insufficient attention to the aging nature of the world's population. For the past 3 years, the Committee has highlighted this issue and strongly urged AID to develop collaborative projects with the National Institute on Aging of the Department of Health and Human Services. Cross-national research on behavioral, biomedical, and socioeconomic aspects of age-related problems such as dementia, nutrition, and immune function in less developed countries can lead to improved interventions and provide a sound basis for establishing health policy options. The Committee is aware both of the interest of NIA in developing collaborative projects, as well as the unique expertise in Pacific basin and South East Asia health issues within the educational leadership of the University of Hawaii and the East-West Center. Again, the Committee has included additional funds for this effort and expects that up to $5,000,000 shall be utilized in cooperative efforts with the NIA during this fiscal year. The Committee further specifically urges AID to enter into negotiations with the Institute of Medicine as to what role they might be willing to play in developing long-term legislative and funding recommendations.

INTERNATIONAL NURSING

The Committee would be most supportive of AID working collaboratively with the International Council of Nurses in order to ensure that professional nursing expertise is appropriately utilized in developing and implementing international health care programs. The Committee understands, for example, that worldwide nurses comprise the largest group of health care professionals but unfortunately, AID has been slow in utilizing their policy expertise to date. The Committee further directs that a report on nursing's involvement in the Peace Corps health team pilot program be submitted to the Congress, as requested in Senate Report 100–236, accompanying the fiscal year 1988 bill.

INTERNATIONAL AIDS PREVENTION AND CONTROL PROGRAM

Appropriations, 1989	$40,000,000
Budget estimate, 1990	42,000,000
House allowance	
Committee recommendation	42,000,000

The Committee recommends an appropriation of not less than $42,000,000 for the International AIDS Prevention and Control Program in fiscal year 1990. Of this amount, $21,000,000 is to be made available to the World Health Organization [WHO] for its special program on AIDS. The House recommended no appropriation for this account, but recommended that the Agency for International Development allocate $42,000,000 to it in fiscal year 1990.

The $42,000,000 recommended for the International AIDS Program is a $2,000,000 increase over the enacted level for fiscal year 1989 and fully funds the level requested by the administration. The Committee believes, however, that the administration's request is inadequate to meet the challenge posed by a rapidly growing AIDS pandemic. At a time when WHO is increasing its worldwide AIDS budget by 30 percent, and AID is actively involved in prevention activities in over 60 countries, it is clear to the Committee that the administration's fiscal year 1990 request is well below what is needed, and what can effectively be used. Only the current budget situation prevents the Committee from substantially increasing the level for the international AIDs program over the administration's request.

The Committee is informed that AID could effectively use substantially more funds than the request level for its ongoing programs and new initiatives. AID is reminded that under existing authorities it may continue to utilize economic support funds [ESF] and development fund for Africa [DFA] funding, in support of its international AIDS prevention and control activities.

The Committee is concerned that the rapidly rising population of at-risk groups in the developing world pose a serious challenge to donor nations endeavoring to keep pace with the spread of the disease. As the growth in U.S. foreign assistance spending slows, and other donors find it increasingly difficult to provide large amounts of new AIDS funding each year, AID needs to reexamine its prevention and control [P&C] strategies in an effort to achieve greater efficiencies. The growing differential between the available resources to combat AIDS and the size of the target population can only be expected to worsen with time.

Therefore, the Committee directs AID to provide the Committees on Appropriation, in its annual congressional presentation document, with its projected funding strategy for AIDS prevention and control over the next 5 to 10 years. AID should consider the likely growth in total LDC population and the degree of coverage that can be expected from a diminishing pool of funds. Projected estimates of the amount of funding required over the next 5 to 10 years as well as possible strategies for scaled-back P&C activity should be provided.

WHO has estimated that 5,000,000 to 10,000,000 persons worldwide were infected with the human immunodeficiency virus [HIV]

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as of mid-1988. The number of AIDS cases reported to WHO as of March 1989, is 140,000. However, because of extensive underrecognition, underreporting, and delays in reporting, the Committee doubts this total accurately reflects the true magnitude or distribution of the global AIDS problem. According to current projections, by the year 2000, there may be as many new HIV-positive cases as have been reported to date. In all, this could mean 20,000,000 new cases. The Committee believes we must act decisively, with planning, a sense of urgency and all available resources, to control the spread of this dreaded disease.

The Committee endorses WHO's Global Program on AIDS [GPA] which aims to prevent transmission of HIV; reduce the personal and social impact of HIV/AIDS on those already infected, their families, friends, and communities; and to unify national and international efforts to achieve these objectives. In support of these objectives, the establishment of the Global Commission on AIDS [GCA], which held its first meeting in March of this year, marks a positive step in the fight to control AIDS.

While the Committee is pleased with the work of WHO in combating the international AIDS scourage, the Committee believes that limited available resources should be concentrated more evenly between the program of AID and WHO. The proposed division of the $42,000,000 into $21,000,000 shares going equally to WHO and to AID represents the Committee's conviction that the two programs are complementary and equally important. The decline in the subearmark of funds from AID's AIDS program going to the WHO is a reflection of the tight budget situation and not of any dissatisfaction with WHO's efforts to combat this dread disease.

The Committee is deeply disturbed by the attempt, earlier this year, to admit the Palestine Liberation Organization [PLO] as a member state of WHO. There can be no question that had this initiative succeeded, it would have seriously damaged the credibility of the WHO and prompted calls for punitive sanctions, most likely the withdrawal of the United States from the organization. The Committee congratulates the WHO leadership in deflecting this extraordinarily disruptive and divisive issue. To ensure that the determination of the United States to refuse to contribute to any international agency or organization that admits the PLO as a state, is fully understood, the Committee has included a provision in the bill prohibiting any U.S. funds from going to WHO or any other U.N. specialized agency which admits the PLO as a member state.

The Committee is united in its desire to see WHO remain free from political concerns unrelated to its work in the international health field and will remain vigilant in its determination to oppose any future effort to use United Nations agencies to preempt the Middle East peace process.

CHILD SURVIVAL FUND

Appropriations, 1989	$71,000,000
Budget estimate, 1990	71,000,000
House allowance	
Committee recommendation	71,000,000

The Committee is recommending $71,000,000 for the child survival fund for fiscal year 1990, the level requested by the administration. This amount does not include funds appropriated separately in this bill for child survival activities in sub-Saharan Africa or for UNICEF. The House did not recommend a separate appropriation for the child survival fund for fiscal year 1990.

The Committee is concerned that despite the recommendation in last year's conference report that at least $185,000,000 in development and ESF funds be spent on child survival activities, AID will apparently spend only $170,000,000. The Committee expects AID to fund child survival activities from all sources in the bill at not less than $200,000,000 in fiscal year 1990.

Since establishing the child survival fund in 1984, Congress has strongly supported AID's efforts to utilize simple, available technologies which can significantly reduce child mortality, including oral rehydration and immunizations. The Committee notes that the success of child survival activities has enhanced the delivery of childhood vaccines in the expanded program on immunization [EPI] in developing countries, and believes that these efforts can be expanded. However, few effective and safe vaccines suitable for delivery in those countries exist, although we have the ability to produce them. The task force for child survival, located in the United States, helps coordinate the child survival activities of the U.N. agencies responsible for the EPI. The Committee strongly recommends that AID provide adequate funding for the task force to accelerate the development and application of new and improved vaccines suitable for use by the EPI in developing countries.

Additionally, the Committee has in the past stressed the need for breastfeeding promotion to reduce the risk of death from diarrhea. According to the World Health Organization, mortality during the first 5 years of life could be reduced by as much as 25 percent with modest increases in breastfeeding. This would also contribute significantly to lowering population growth in countries where high rates of infant mortality have caused rates of population growth to spiral out of control. The Committee is concerned that less than 1 percent of child survival programs are being used specifically to promote breastfeeding, and, therefore, directs AID to significantly strengthen its support for initiatives to promote breastfeeding in developing countries. The Committee wishes to receive a report from AID by April 15, 1990, on activities it is undertaking to promote breastfeeding in developing countries.

EDUCATION AND HUMAN RESOURCES DEVELOPMENT

Appropriations, 1989	$129,541,000
Budget estimate, 1990	139,000,000
House allowance	
Committee recommendation	134,541,000

The Committee recommends an appropriation of $134,541,000 for education and human resources development for fiscal 1990. The House makes no separate recommendation for an appropriated level for this account, though it recommends that AID allocate at least $134,390,000 from development assistance for this program.

The Education and Human Resources Development Program of the Agency for International Development concentrates its work on basic (primary and secondary) education, adult and vocational training, advanced scientific professional and technical training, and research in basic education. The program seeks to help countries assess existing practices in order to identify and correct inefficiencies, strengthen successful education and management systems, and explore administrative and financial choices for education and training at all levels. Behind these efforts lies the well-researched and widely accepted principle that education is necessary for the social and economic development of peoples and nations.

BASIC EDUCATION

Though the Committee is pleased that the Agency for International Development has made progress in basic education, we remind AID that the basic and primary education earmark, which the Committee continues in fiscal year 1990 at not less than $67,250,000, is intended to represent a floor, and not a ceiling, for funds dedicated to that purpose. Moreover, the Committee reminds AID of the language in the statement of managers last year requiring that in fiscal year 1990 AID initiate at least three new bilateral projects in basic and primary education, two of which each year should be in sub-Saharan Africa.

Despite two years of warning prior to the enactment of the 1989 appropriation, it appears that meeting the earmark has been a scramble for the agency. The Committee will reiterate a few guidelines which may be helpful, and requests that these points be addressed in AID's semiannual reports to the Committee on implementation of this earmark.

First, the Committee has stated that a concentration of effort properly belongs in Africa and South Asia, where the need for basic skills is documented to be the greatest in the world. Our concern is for countries where female enrollment and completion is the lowest, and for those countries which demonstrate the political will for reform in this area. This does not rule out countries which readily absorb money counting toward the earmark, though it remains our hope that AID will select host countries by the former, and not the latter, criteria.

Second, the Committee remains very concerned that the pressure for three new project starts may result in an increase of the use of program rather than project funding. This earmark is intended to finance carefully targeted activities to improve the quality of pri-

mary and secondary schooling and increase female enrollment and completion rates in those schools. It is not to be used for de facto grants to governments which may not be able to spend the money either wisely or in good time. It is not enough to underwrite and perpetuate inefficient basic education systems in host countries. The success of AID's efforts in basic education, whether programs or projects, will be measured by improved student achievement, not by the amount of money spent.

Third, the Committee recommends that AID, and the Africa bureau in particular, more clearly focus its strategy for basic education and hone its allocation of money to address more systematically problems in this area. A diversified approach to meeting educational needs can, at times, appear to be a scattershot approach to meeting the earmark. The Committee notes that AID has not yet developed a focused, selective, basic education initiative or agency-wide basic education action plan to rationalize allocations of these funds. A critical component of this plan will be an evaluation mechanism to determine the efficiency and effectiveness of AID's selected activities. The Committee requests to be kept informed on the development of such an initiative.

Finally, the Committee would like to restate that its primary interest is improving the quality of primary and secondary formal schooling, through policy guidance, system improvements, training, and instruction support. The Committee encourages coordination of the kind proposed for Mali and Pakistan with the World Bank and other donors. We encourage the Agency to identify areas of specialization that can complement the efforts of other donors.

INTERNATIONAL STUDENT EXCHANGE PROGRAM

The Committee recommends an earmark of $20,000,000 for the highly successful Central American Scholarship Program.

The Committee commends the impressive results of the ongoing scholarship program for disadvantaged students from Central America. The Central American Scholarship Program has demonstrated the effectiveness and strength of community-based institutions in the United States for providing critical educational and technical opportunities for foreign students. CASP has proved to be both sound foreign policy as well as a solid economic investment in future relationships between the States and our Central American neighbors.

The appeal of CASP economically and educationally is seen in the enthusiastic response of States and community colleges to the pilot effort now underway that creates a matching scholarship program. The matching effort, Cooperative Association of States for Scholarships [CASS], is now established at 19 community-based institutions in 10 States. With the support of the private sector and the States, more educational opportunities will be available for students from Central America as well as from the Caribbean.

This is a model scholarship effort that the Committee encourages the Agency to utilize for other areas of the world. In particular the Committee recognizes the effectiveness in both training and cost of U.S. community colleges for such programs.

LEADERSHIP CENTER OF THE AMERICAS

The Committee earmarks $1,200,000 for the third year of a 5-year innovative program begun in fiscal 1988 by the Leadership Center of the Americas to acquaint future leaders of the Caribbean Basin and Latin America with the American democratic system and the role private enterprise plays in this system. Under this provision, 200 students attending colleges and universities in the United States will receive full scholarships to attend 1-month democracy/leadership seminars during winter break in the sophomore or junior years. Each participant will be placed with a transnational company in the United States the following summer for summer traineeships. The Committee remains impressed by the cooperation between the public and private sectors in this proposal and believes it has the potential for developing a broad network of Caribbean and Latin American leaders with knowledge of and experience in the American democratic and free enterprise system.

LES CAYES UNIVERSITY—HAITI

The Committee notes progress being made in establishing a joint agricultural project between Les Cayes University in Haiti and the Deleware Valley College to provide technical education to Haitian students and faculty. Haiti desperately needs technical skills and trained personnel in agriculture, and the Les Cayes-Deleware Valley project is a promising start toward helping Haiti meet those needs. The Committee strongly urges the Agency for International Development to make at least $60,000 available to assist this joint project.

PRIVATE SECTOR, ENVIRONMENT, AND ENERGY

Appropriations, 1989	$120,709,000
Budget estimate, 1990	128,984,000
House allowance	
Committee recommendation	135,709,000

The Committee recommends an appropriation of $135,709,000 for the "Private sector, environment, and energy" account of the Agency for International Development for fiscal 1990. This is a $15,000,000 increase over the fiscal year 1989 appropriated level. The House proposed no appropriation for the "Private sector, environment, and energy" account, though it recommended that the Agency for International Development allocate funding at $124,710,000.

Programs funded under this account are designed to: (1) support private enterprise development as well as efforts to reform government policies and institutions; (2) support the activities of private and voluntary organizations and cooperatives; (3) support science and technology efforts; (4) promote human rights and democratic initiatives; and (5) carry out research and technical assistance activities to alleviate energy constraints to development, including the encouragement of private investment in energy infrastructure.

GLOBAL WARMING CHALLENGE

The Committee has recommended an increase in this account despite the budget situation because of the high priority the Committee gives to strong action by the Agency for International Development in combating the global warming phenomenon and the long-term threat emissions of greenhouse gases pose to the entire globe. The Committee's purpose is to raise the global warming threat to the top of AID's agenda, with a sharp focus on the twin and linked problems of development and utilization of renewable energy sources and reversing the radical deforestation, above all tropical deforestation, which is damaging the biosphere. The additional funds the Committee is recommending to promote energy efficiency and conservation are intended to be used to provide the resources AID needs to carry out this urgent mandate from the Committee to address the global warming challenge. So that the Committee's intent is clear, the Committee is adding $15,000,000 to this account to help support related activities responding to the global warming phenomenon.

The Committee believes that AID can play an important role in helping developing countries manage their forests sustainably and meet their energy needs in ways that reduce CO_2 emissions. While AID has made some progress in this area, its energy and forestry programs are not focused on this goal. Therefore, in order to maximize the impact of limited resources, the Committee provides bill language directing AID to identify key developing countries which contribute significantly to global greenhouse gas emissions, and in which actions to promote energy efficiency, reliance on renewable energy resources, and forest conservation could significantly reduce those emissions. The Committee recognizes that AID currently does not provide assistance in several of these key countries, and includes bill language directing AID to enter into appropriate relationships with those countries and include them whenever possible in relevant programs of assistance.

ENERGY

The Committee believes that AID's energy efforts should be expanded and directed toward improving energy efficiency and promoting renewable energy sources in the key countries described above, and in countries that are major recipients of U.S. economic support. Language recommended by the Committee directs AID to assist these countries develop least-cost energy plans that employ end-use analysis to identify cost-effective actions to minimize reliance on fossil fuels. Particular emphasis is to be given to exploiting nonconventional renewable energy resources, including wind, solar, small-hydro, geothermal, and biomass systems.

Bill language further encourages AID to engage in policy dialogs to encourage reform of economic and other policies that result in contruction of new energy generating facilities in lieu of more cost-effective conservation and energy efficiency measures or wasteful use of existing energy. These dialogs should also encourage adoption of incentives for increased energy efficiency, and the reform of energy pricing so that electricity tariffs more closely meet the cost

of supply and fossil fuel prices more closely meet international prices.

The Committee recognizes that in order to carry out these initiatives, it will be necessary for AID to increase the number of permanent-hire staff with expertise in renewable energy and end-use efficiency. Funds provided in the bill for the global warming initiative may be used for this purpose. AID is also urged to organize a cadre of U.S. experts from industry, academia, nonprofit institutions, and other government agencies capable of providing technical assistance to developing countries on energy policy and planning, energy efficiency, and renewable energy.

The Committee directs that appropriations above fiscal year 1989 levels will be spent on projects authorized under section 534(b) of the bill.

TROPICAL FORESTRY

The Committee finds that tropical deforestation may account for more than 25 percent of worldwide CO_2 emissions. Actions to halt this trend and promote reforestation must be an important part of the effort to control global warming.

While the Committee notes AID's efforts to promote reforestation, its small forestry program is not focused on the global warming problem. The Committee provides bill language directing AID to make global warming a major focus of its forestry efforts and to focus those efforts on key countries. As in the case of energy, the Committee includes bill language requiring AID to find ways to enter into cooperative relationships with the key countries that account for the great bulk of tropical deforestation, and to include those countries whenever possible in relevant programs of assistance. Assistance in energy and tropical forestry is to be directed to these key countries, notwithstanding that some of these key countries may now be in a graduate or other status in which they receive little or no AID assistance. AID should utilize to the fullest extent possible the mechanisms developed under the tropical forests action plan.

In providing forestry assistance to key countries, the bill language directs AID to emphasize: training of experts in key countries in forestry conservation, agroforestry, and sustainable forestry; strengthening long-term sustainable linkages between United States and key country universities; strengthening key country institutions in forestry and related natural resources management; assisting key countries to identify economic alternatives for areas now dependent on deforestation; and establishing or strengthening agroforestry and tropical forestry research programs.

The provisions provide that AID should engage in policy dialogs aimed at reform of economic and other policies that encourage deforestation, such as tax incentives and subsidies which encourage development in forested areas, and encourage policies that promote sustainable forest use, such as land tenure reform. If AID does not have a representative in a key country, such policy dialog should be undertaken by such representative of the U.S. Government as the President may direct.

AID should also encourage and assist the Consultative Group on International Agriculture Research to strengthen its forestry efforts consistent with the above directives.

DEBT-FOR-NATURE EXCHANGES

The Committee notes that there is approximately $1,200,000,000 in outstanding debt by developing countries. This debt places enormous pressures on many of these countries to consume their natural resources in an uncontrolled manner. This process not only causes serious and irreversible ecological damage, but also precludes the economic opportunities provided by the sustainable use of natural resources. While the Committee does not expect debt-for-nature exchanges to significantly reduce the debt burden, it can be a powerful tool in generating additional resources for environmental protection.

AID has been hindered in the execution of debt-for-nature exchanges by the requirement that interest bearing accounts set up from Federal funds have their interest returned to the U.S. Treasury. Thus, AID has been prohibited from participating in the most effective, and least inflationary, of debt exchanges by this requirment. Accordingly, the Committee has included bill language authorizing AID to provide funds to nongovernmental organizations for debt-for-nature exchanges, and allowing those NGO's to retain interest earned on the proceeds of any such exchange pending their disbursement for an approved natural resource protection program.

OFFICE OF ENERGY

The Committee has not earmarked funds for the Office of Energy. In part, this is because it wishes to afford maximum flexibility to AID management in drawing on the intellectual and institutional resources of the entire Agency in responding to the global warming challenge through concentration on programs aimed at expanding the use of renewable energy sources and technologies and at halting and reversing the deforestation of critical tropical rain forests. Also, the Committee wishes to avoid reaching down to the office level in earmarks. The Committee believes that the Office of Energy has a critical role to play in mobilizing AID's resources in meeting this challenge, and expects it to receive a substantial increase in funding within the functional account. However, the Committee looks to AID management, which it is convinced shares its deep concern about global warming and is prepared to exercise leadership, to ensure that the Committee's intent, as expressed in legislative provisions and this report, is fully complied with.

JAPAN AND THE ENVIRONMENT

In the past year, Japan has surpassed the United States as the world's largest foreign aid donor. At the same time, there have been numerous reports of environmental and social problems with components of Japan's foreign aid program. In addition, it is clear that several of the agencies responsible for implementing the Japanese foreign aid program lack key knowledge about environmental

and social guidelines for successful assistance programs. While there are periodic meetings between high-level AID and Japanese development assistance officials, environmental protection has not yet been a high ranking agenda item for these meetings. While some have called for the Committee to enact legislation attempting to restrain the environmental consequences of Japan's development assistance programs, the Committee believes a cooperative approach will be more productive. The Committee urges AID, at the earliest appropriate time, to schedule a bilateral meeting with high ranking AID officials and their counterparts in Japan to focus on cooperative efforts to protect the environment in developing nations. Agenda items should include, but not be limited to, the technical assistance AID can provide on environmental criteria used in the U.S. foreign assistance program, and the greater coordination of assistance programs to promote environmental protection.

BIODIVERSITY

The Committee recommends an earmark of $10,000,000 to support biodiversity programs and activities under this account. Within this earmark, the Committee recommends a subearmark of $2,000,000 for the Parks in Peril Program.

The Committee recognizes that over 90 percent of the Earth's biological diversity is found beyond our national borders, and that this diversity holds promise for discovery of species which are essential for the manufacture of life saving medicines and the development of disease resistant crops.

Accordingly, the Committee directs AID to commit a minimum of $10,000,000 toward biological diversity in fiscal year 1990. Of the additional funds AID commits above fiscal year 1989 levels, the Committee directs that not less than $2,000,000 be used to implement an immediate park protection plan designed to provide critical management for areas of significant biological diversity in Latin America and the Caribbean.

The Committee expects AID to work closely with United States and in-country NGO's which have been identifying areas of global biological significance, specific threats to these areas, and ways to establish on-site management and protection of these legally decreed, but unprotected paper parks. This project is called parks in peril. The Committee understands that these NGO's are committed to matching every $4 of Federal funds with $1 of private donations to protect these threatened ecosystems. In light of the significant NGO success in assessing protection needs for Latin America and the Caribbean, the Committee directs AID to fully utilize this expertise and information. All protection work should be carried out exclusively by the Latin or Caribbean countries themselves.

The Committee understands that $2,000,000 of Federal funds, when coupled with $500,000 in private matching contributions, will provide resources to protect 5,000,000 acres of threatened tropical ecosystems. The Committee expects AID to include an assessment of the success in achieving this goal in its annual report to Congress on biological diversity.

The Committee also directs that $1,000,000 be provided to the National Science Foundation to support its international biodiversity program.

Similarly, the Committee urges the U.N. Development Program to allocate at least $8,000,000 in fiscal year 1990 for purposes of assisting in the development and implementation of the parks in peril project.

Additionally, the Committee recommends that AID allocate not less than $200,000 in fiscal year 1990 for an initiative to be called the Noah project. The purpose of this project would be to arrest the decline in animal and plant species and the genetic variety within species. In stage one of the project, wildlife experts would examine the feasibility of establishing an international genetic preserve for endangered species. At a minimum, this preserve would encompass sperm and ova banks for endangered mammals, and a seed repository for endangered plants, in an effort to perpetuate, for all time, a portion of the Earth's genetic potential.

The Committee urges AID to coordinate a feasibility study to examine the state of knowledge of genetic preservation and whether current technology exists to carry out an effective program. The study should be conducted by a working group composed of representatives of the Smithsonian Institution, National Academy of Sciences, U.S. Department of Agriculture, and U.S. Department of the Interior. The Committee expects AID to submit a report on the group's findings and conclusions no later than July 15, 1990.

LAW ENFORCEMENT TRAINING

The Committee notes that when Congress enacted section 660 of the Foreign Assistance Act to prevent potential abuses resulting from the training of foreign police officers, it did not anticipate that park rangers and persons responsible for the enforcement of wildlife laws might be covered by this prohibition. The Committee believes that U.S. laws should assist wildlife managers in their enforcement efforts, and accordingly has included bill language excepting the training and equipping of wildlife officials from section 660.

MADAGASCAR

The Committee is deeply concerned by rapid destruction of Madagascar's tropical rain forest, a biologically diverse plant and wildlife ecosystem replicable nowhere else on Earth. Without immediate and large-scale intervention, the world community is endangered of losing a unique ecological laboratory containing a veritable treasure trove of living species of inestimatable value to medicine and agriculture.

The Committee urges AID to immediately assign an Agro-forester, specializing in tropical forests, to its mission in Madagascar. Due to the importance of this position, a person of stature and reputation should be chosen.

NEPAL TREES PROJECT

The Committee recommends that funding be continued for AID's Nepal Coppice reforestation project. This project has enjoyed a successful 3 years in operation and continues to yield valuable information on the balance between fuel production and resource conservation. The Committee recommends total funding of $2,991,000 over 5 years, with an obligation of $120,000 for fiscal year 1990 and the balance scheduled as follows: Fiscal year 1991, $540,000; fiscal year 1992, $572,000; fiscal year 1993, $606,000; fiscal year 1994, $643,000; and fiscal year 1995, $510,000.

TOXIC WASTE DISPOSAL

The Committee is aware of reports that American companies have endeavored, with apparently varying degrees of success, to dispose of toxic and nuclear waste overseas. One such report described a proposal to bury 10,000 tons of nuclear waste in Sudan at the rate of $350 per ton.

The Committee believes that the export of hazardous waste and toxic chemicals to developing countries that are desperate for foreign exchange, poses both serious environmental hazards, and foreign policy liabilities for the United States.

The Committee, therefore, urges the State Department, in consultation with the Environmental Protection Agency, to report to the Committee, by April 15, 1990, on possible methods for identifying toxic chemical, radioactive, industrial and infectious wastes, and hazardous industrial and agricultural chemicals, and measuring the scope of this problem.

AFRICAN ELEPHANT PROTECTION

The Committee is deeply concerned about the precipitous decline of African elephant populations. In the past 10 years, the population of African elephants has fallen from 1,300,000 to less than 625,000 today. This decline is being driven largely by poaching to support the illegal trade in ivory. Without a significant increase in support for elephant conservation measures, there is little hope that the African elephant will survive.

Fortunately, there is a growing international effort to save this magnificent species. An elephant action plan has been established by an international group of experts which outlines the various actions needed to save the African elephant. Although AID has begun to work with African governments and NGO's to protect the elephants, it has yet to allocate funds specifically for this project. The Committee strongly urges AID to broaden the U.S. role in the protection of African elephants, and to increase the level of financial and technical assistance to the African countries and conservation organizations that are addressing this crisis. The Committee earmarks not less than $2,000,000 for this purpose. This amount is in addition to funds earmarked elsewhere in the bill for biological diversity. To support the maximum return on this investment and to solicit worldwide cooperation in implementing this program, the committee requries that Federal funds be matched by a ratio of $2 non-Federal for each $1 appropriated.

The Committee directs that only those countries that comply with the CITES listing on African elephants should receive funds appropriated for elephant conservation, and conversely, countries that do not adhere to this provision should not be allowed to export wildlife or wildlife products to the United States market. The Committee urges that African governments which demonstrate the political will to control elephant poaching and illegal ivory trade be given priority in the use of these funds.

PRIVATE AND VOLUNTARY ORGANIZATIONS

The Committee reaffirms its strong support for the work of private voluntary organizations [PVO's] and the important partnership role they play in administering U.S. development and humanitarian assistance. PVO's fill a vital niche in the U.S. foreign aid delivery system, often targeting the poorest populations through small, grassroots projects, beyond the reach of conventional government programs. AID remains a major financier of PVO programs, giving a high priority to those initiatives which demonstrate a unique capacity for providing innovative, rural, cost-effective assistance.

The Committee directs AID to protect private, nonprofit, people-to-people channels of assistance and to take Committee reductions from bilateral, government-to-government programs. Private voluntary organizations and cooperatives have a greater ability to reach the poor at less cost and to augment U.S. official assistance with private contribution.

The Committee expects that PVO activities will be fully funded in fiscal year 1990.

COOPERATIVE DEVELOPMENT

UNITED STATES-ISRAEL COOPERATIVE DEVELOPMENT RESEARCH PROGRAM [CDR]; UNITED STATES-ISRAEL COOPERATIVE DEVELOPMENT PROGRAM [CDP]

The Committee is pleased to report the restoration of the United States-Israel Cooperative Development Research [CDR] Program in fiscal year 1990. For 5 years this program has supported innovative Israeli research in the fields of arid lands agriculture, health, energy, pest control, aquaculture, veterinary and animal science, engineering, and biotechnology. Advances in these areas hold enormous promise for the developing world where famine and disease continue to take a heavy toll on adults, children, crops, and livestock. This unique program also harnesses Israeli scientific research for the benefit of Americans who now have access to improved drought resistant plants, new water management technologies, drug therapies, food preservation techniques, and waste treatments unavailable from any other source.

The Committee is equally enthusiastic about the United States-Israel Cooperative Development Program [CDP]. This initiative is dedicated to the transfer of existing, off-the-shelf technologies to the developing world. In time, this program is expected to bring many near-term improvements in the quality of life of the poor and

demonstrate the continued strength, and humanitarian impulse, of the United States-Israel relationship.

The CDR and CDP programs seek creative scientific solutions to some of the world's most intractable development problems. It is a measure of the success of these programs that the small amount of money applied to new technologies is expected to yield a return on investment in the tens of millions of dollars. The Committee believes both programs advance U.S. foreign policy interests, fulfill the highest goals of our development strategy, and are a much-needed addition to the family of U.S. assistance initiatives now underway.

The Committee is recommending an earmark of $7,500,000 for the two programs in fiscal year 1990, with $2,500,000 to be provided for CDR and $5,000,000 to be provided to CDP. This funding is provided subject to normal notification procedures and under the condition that CDR is fully and permanently restored as a program of the Agency for International Development, Office of the Science Advisor. AID is encouraged to provide an additional $2,500,000 for CDP from other existing accounts, consistent with the House authorization level for the two programs of $7,500,000.

CENTRAL AMERICA RURAL ELECTRIFICATION

The Committee again earmarks $5,000,000 for the Central America rural electrification program. This is the fourth year in which the Committee has recommended this earmark.

CARIBBEAN BASIN PROMOTION CENTER

The Committee is disturbed that the administration ignored its recommendation in last year's report that the Caribbean Basin Promotion Center of the Chicago Association of Commerce and Industry be funded. The Committee, therefore, directs AID to provide for the continuation and expansion of this program in fiscal 1990.

INTERNATIONAL EXECUTIVE SERVICE CORPS

The Committee urges that AID increase its core funding for the International Executive Service Corps [IESC] from the present $5,000,000 to $7,100,000 in fiscal year 1990, so as to enable IESC to increase its project portfolio from 700 to 900 during the coming year. This amount shall not be at the expense of AID mission use of IESC, which is to remain subject to mission requests. The Committee further requests that by April 30, 1990, IESC report to the President and to the Congress its assessment of the private enterprise environment in the countries within the scope of its activities and its view of the opportunities for effective IESC projects in those countries.

The Committee has used the occasion of the 25th anniversary of IESC to review the Corp's past performance and its future potential. It concludes that in the area of free enterprise, IESC is one of the cost-effective foreign assistance instruments available to the United States.

The reasons for IESC's success are self-evident. IESC is composed of 10,000 volunteers from the top ranks of retired U.S. businessmen

across the country. They serve without pay and provide management and technical assistance to private sector enterprises abroad. IESC projects consistently record high cost-benefit ratios and have succeeded in stimulating foreign demand for U.S. exports. Foreign businessmen receiving IESC assistance pay a fee for the service, thereby ensuring that he foreign partners will try to make the most of American expertise.

The Committee wishes to acknowledge the valuable work of IESC in Morocco where its volunteers have provided technical marketing and production assistance to small- and medium-sized companies. This activity has given rise to increased United States-Moroccan trade and investment. Morocco is a country heavily burdened by external debt, but having the potential or accelerated growth if proper incentives are provided to the private sector. The Committee views IESC's activities in Morocco as a model of international cooperation and as an integral supplement to conventional development assistance.

The Committee also has bee impressed by the work of IESC with economically disadvantaged blacks in South Africa. IESC provides job training, business planning, and entrepreneurial spirit to small disadvantaged black businessmen and women that affords real hope in a worsening situation. The Committee urges AID to continue its support for IESC work with disadvantaged blacks in South Africa.

For the U.S. Government, IESC provides a double bargain. The Government gets foreign policy gains from the encouragement of private enterprise growth abroad and increasing business links with American enterprises, and its costs are a fraction of what they would be were such projects undertaken as government-to-government grants. IESC receives most of its contributions from U.S. corporations.

Out of a total budget of $33,000,000 in 1988, AID provided $5,000,000 in core funding to IESC plus $2,000,000 for projects specifically approved by AID missions. Some funding for IESC through AID is necessary because IESC pursues a policy of helping small clients whose ability to pay is limited and in local currencies. For this expenditure, the United States received 696 private enterprise projects carried out abroad at an average cost to the U.S. Treasury of only $11,000 per project.

The Committee believes that historic opportunities are at hand to encourage greater roles for private enterprise in promoting economic growth in the developing world. The IESC stands in the forefront of those organizations willing and able to make these opportunities happen.

SCIENCE AND TECHNOLOGY

Appropriations, 1989	$8,662,270
Budget estimate, 1990	8,662,000
House allowance	
Committee recommendation	8,662,000

The Committee recommends $8,662,000 for the Science and Technology Program for fiscal year 1990. This is the same as the administration's request. The House made no recommendation for a sepa-

rate appropriation, but recommended that the Agency for International Development allocate $8,370,000 to Science and Technology in fiscal year 1990.

MICRO ENTERPRISE LENDING TO THE POOR

The Committee strongly recommends that $75,000,000 from the funds appropriated by this act to carry out part I and chapter 4 of part II of the Foreign Assistance Act of 1961, or from local currency which may accrue as a result of assistance provided under this act and under the Agriculture Trade Development and Assistance Act of 1954, be used for the Micro Enterprise Lending for the Poor Program. These funds are used to promote micro enterprises in developing countries through provision of credit and other assistance.

In its report for fiscal year 1989, the Committee strongly encouraged AID to use these funds for loans to enterprises having 10 or fewer employees owned and operated by the poorest 20 percent of the population, and for loans of less than $300. The Committee's intention was that while there are an incalculable number of small businesses in need of financial aid in the developing countries, these funds were to be used to provide credit to the smallest businesses, owned by the poorest people. By recommending that the loans be less than $300, the Committee intended to target resources to the most marginalized people in AID assisted countries, and to strengthen the community-based organizations which serve this population. The Committee had as a model the Grameen Bank in Bangladesh and other similarly successful micro-enterprise lending institutions which make hundreds of thousands of loans averaging $60, with a default rate of less than 5 percent. Since in most countries where AID operates the average per capita income is only a few hundred dollars, loans of as much as $300 were expected to be the exception rather than the rule.

The Committee emphasizes that loan decisions are to be made in accordance with the original intent of the Committee in mandating this program.

While AID is clearly a strong supporter of micro enterprise lending, the Committee is very concerned about reports that many of the loans financed under this program have been substantially greater than $300. The Committee reiterates that its purpose in appropriating these funds is to make credit available to the poorest people who would not otherwise have access to it. The Committee directs AID to target this program to individuals in the poorest 50 percent of the population in AID-assisted countries, with clear priority given to the poorest 20 percent of the population. Credit and other assistance should be channeled through private community-based organizations. The loans should be less than $300 per borrower.

The Committee expects AID to report on its plans for implementing the microenterprise program in accordance with the above guidelines by April 1, 1990.

WOMEN IN DEVELOPMENT

The Committee has included an earmark of not less than $5,000,000 in development funds to be used to encourage and pro-

mote the participation and integration of women in the development process in developing countries. The Committee also specifies that of this amount, not less than $3,000,000 is to be used as matching funds to support the activities of the Agency for International Development's field missions to integrate women into their programs.

In the "International organizations and programs" account, the Committee has also earmarked $1,000,000 to support the greater involvement of women in development, of which $800,000 is to go to the U.N. Development Fund for Women [UNIFEM] and $200,000 is to go to the U.N Trust Fund for International Research and Training Institute for the Advancement of Women [UNISTRAW].

An overwhelming body of evidence, including testimony by AID, has shown that a high level of participation by women is necessary for the success of development programs. In the past, however, an inadequate proportion of U.S. aid has been directed to women in developing countries, who produce and market most of the food and who operate many small businesses. Directing U.S. aid away from these producers is not an efficient use of scarce aid dollars.

The Committee, therefore, requires that AID, in the design of country strategies, projects, and programs, seek to ensure that the percentage of women participants will be in approximate proportion to their traditional participation in the targeted activities. In the event achieving this goal is not immediately possible, the Agency should cite the obstacles and enumerate the steps that will be taken to overcome those barriers. To the extent that steps are not being taken to remove or overcome obstacles, AID should cite why such steps are not being taken.

In its fiscal year 1989 report, the Committee instructed AID to improve its women in development activities in a number of ways. The Committee recognizes the significant efforts by the Agency, under the guidance of its late director Alan Woods, in stepping up its training program for employees, spreading the responsibility for WID activities among all offices at AID and increasing the awareness of WID principles among AID staff. The Committee is encouraged by the high level of interest demonstrated by Agency employees and foreign governments.

Further progress is necessary, however, and the Committee urges the Agency to carry forward its early efforts, including by taking the following actions:

—Incorporate, to the maximum extent possible, the active participation of local women and local women's organizations in all programs, projects and activities carried out by the AID or its contractors. This participation should include involvement in the planning, design, implementation, management, monitoring and evaluation of the activities.

—Collect and maintain sex-disaggregated data for every country development strategy statement, project identification document, project paper, program assistance identification proposal, program assistance approval document, policy inventory and all relevant research projects.

—In AID's participant education and training programs, seek to increase training opportunities for women from all regions and

make necessary provisions in training programs for addressing the specific needs of women.

—In designing projects and programs, identify and take advantage of opportunities to assist women in activities that are of critical significance to their self-reliance and development. This should include appropriate extension and related services to women engaged in subsistence or cash crop production and training, technical assistance, credit and other services to strengthen the managerial skills and capabilities of women, with special attention to women's institutions and women entrepreneurs.

—Include in project and program evaluations an assessment of the extent to which women are being integrated into the development process and the impact of such project or program on enhancing the self-reliance of women and improving their incomes.

The Committee continues to be concerned about the lack of coverage by aid programs of girls in the approximate age group of 5 to 15. AID is urged to increase participation of young girls in its education and training programs, to use incentives to encourage host countries to include girls in their programs and to consider withholding assistance for programs which do not include girls as equal participants.

SUB-SAHARAN AFRICA, DEVELOPMENT ASSISTANCE

(DEVELOPMENT FUND FOR AFRICA)

Appropriations, 1989	$500,000,000
Budget estimate, 1990	565,000,000
House allowance	515,000,000
Committee recommendation	565,000,000

DEVELOPMENT FUND FOR AFRICA

The Committee is recommending $565,000,000 for the development fund for Africa, the same as the administration's recommendation. The House recommended $515,000,000.

POPULATION

When the Committee established the development fund for Africa [DFA] 2 years ago, it included a directive that AID should target the equivalent of 10 percent of the funds appropriated under this provision (establishing the DFA) for voluntary family planning. However, there has been some confusion or misunderstanding about the Committee's intent. Rather than devote 10 percent of DFA funds for this purpose, AID has used funds from both the DFA and its "Central population" account to make up the percentage. Apparently, only between 6 and 7 percent of DFA funds have been spent annually on family planning.

The Committee observes that the need for population control in sub-Saharan Africa has reached a crisis point. Many of those countries' populations are doubling in 30 years, yet they can't begin to feed their people today. The Committee believes that there are significant needs for contraceptives and education about the benefits

of family planning in Africa that are not being met. The Committee, therefore, strongly urges AID to make an extra effort to program 10 percent of DFA funds for voluntary family planning in fiscal 1990, and directs that to the maximum extent possible these funds be in addition to the funds AID had intended to spend in those countries in fiscal year 1990 from the "Central population" account.

SOUTHERN AFRICA, DEVELOPMENT ASSISTANCE

Appropriations, 1989	$50,000,000
Budget estimate, 1990	
House allowance	50,000,000
Committee recommendation	

SOUTHERN AFRICA DEVELOPMENT COORDINATION CONFERENCE [SADCC]

The Committee does not recommend a separate appropriation for member states of the Southern Africa Development Coordination Conference [SADCC]. Instead, the Committee recommends that the development fund for Africa be increased by the $50,000,000 level which was appropriated for SADCC in fiscal 1989. This is in accordance with the administration's budget request. Since the Committee is also recommending the full budget request for the DFA, this means sub-Saharan Africa will receive a total of $565,000,000 in development assistance.

The Committee supports the administration's request to subsume SADCC funding within the "Sub-Saharan development assistance" account, believing that it will enhance AID's management of these funds. At the same time, the Committee stresses to the administration that it expects no less assistance to go to the states which have received SADCC funding as a result of combining the SADCC contribution with the development fund for Africa. While the Committee is prepared to give AID greater flexibility in making program decisions based more explicitly on development needs, it cautions AID to recognize the importance of providing full support to SADCC, which helps member states with resources enabling them to develop transport outlets independent of the longer and costlier routes through the Republic of South Africa. Fostering independence and self-sufficiency is a principal objective of SADCC funding and allows them to pursue a trade and development strategy through integration and the exploitation of indigenous resources. AID must bear these goals in mind as it allocates DFA funds.

The Committee is concerned with SADCC's inability to mobilize a trade and development strategy which involves the integration of indigenous nongovernmental development organizations and informal sector microenterprises. The Committee believes that SADCC should begin to develop a program for communicating its development programs to indigenous microenterprises and development service organizations. This is necessary if indigenous microenterprises are to take advantage of secondary and tertiary business development opportunities from the larger macrodevelopment projects initiated with SADCC funding. If SADCC does not initiate such a development plan, the Committee is concerned that SADCC's goal of achieving independence from South Africa will be

undermined by the need to continue purchasing basic goods and services from South Africa.

PRIVATE SECTOR REVOLVING FUND

(By Transfer)

Level, 1989	($9,000,000)
Request, 1990	(5,000,000)
House allowance	(4,611,502)
Committee recommendation	(5,000,000)

(Limitation on Direct Loans)

Level, 1989	($12,000,000)
Request, 1990	(3,500,000)
House allowance	(3,228,051)
Committee recommendation	(3,500,000)

(Limitation on Guarantee Loans)

Level, 1989	($50,000,000)
Request, 1990	(50,000,000)
House allowance	(46,115,020)
Committee recommendation	(100,000,000)

The Committee recommends $5,000,000 by transfer to the private sector revolving fund, a ceiling of $3,500,000 on direct loans, and a ceiling of $100,000,000 on guaranteed loans under the private sector revolving fund. All these recommendations are at the levels requested by the administration (the administration submitted a budget amendment raising the ceiling on guaranteed loans from an initial request of $50,000,000 to $100,000,000).

The private sector revolving fund promotes economic growth by encouraging the advancement of private enterprise in developing countries. Two general types of loans are made by the revolving fund to provide funds for local private enterprises: First, loans made to developing country intermediate financial institutions; and second, loans made directly to private developing country businesses or to joint ventures between developing country and U.S. businesses.

The Committee recommends that the guarantee authority for the revolving fund be increased to $100,000,000, as the administration requests. The effect of this increase is to raise from $25,000,000 to $50,000,000 the level of contingent liability (guarantees cover not more than 50 percent of the principal amount of eligible loans; thus, $1,000,000 in contingent liability translates into $2,000,000 in total loans). The Committee believes that this program has helped stimulate the extension of credit to borrowers in developing countries that have not previously been served by the formal credit system. It leverages $8 in private lending to target groups for development purposes for every $1 of development assistance.

Since this is a ceiling, it does not affect appropriations or outlays in fiscal year 1990.

The Committee intends that reflows and other income accruing to the fund in any fiscal year be obligated within the ceilings imposed in appropriations acts.

The Committee is concerned about the capability of the Bureau of Private Enterprise to manage and monitor the expanded revolving fund activities due to limitations in program staff size and lack of participation by AID's regional bureaus and missions in fund activities. Therefore, the Committee requests that AID report within 90 days on what steps have been taken to strengthen the management and monitoring of revolving fund projects.

The intention of the revolving fund is to provide resources to those private sector projects which might not otherwise be in a position to receive financing. For this reason, a balance is needed between creditworthiness and developmental goals. Therefore, the Committee recommends that any codified risk or collateral policy emphasize project performance and cash flow, instead of collateral-based lending requirements. The Committee requests that it be notified if project-by-project risk assessment is replaced by a codified risk policy.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

Appropriations, 1989	$35,000,000
Budget estimate, 1990	30,000,000
House allowance	30,000,000
Committee recommendation	40,000,000

The Committee recommends an appropriation of $40,000,000 for the American Schools and Hospitals Abroad [ASHA] Program for fiscal 1990, $10,000,000 more than the administration's request and the House recommendation.

ELIGIBILITY CRITERIA

The Committee continues to be concerned about the future of the ASHA Program, which this Committee has strongly supported over the years. Established over 40 years ago, ASHA seeks to utilize uniquely American methods, techniques, and values in the teaching and provision of medical and educational services through foreign institutions with strong ties to the United States. The criteria for determining which foreign institutions are eligible for ASHA grants are quite clear; the Committee published them in full in its report in fiscal 1989 on pages 112–113. The Committee again calls attention to these criteria and stresses the importance of their equitable application in the awarding of grants under the ASHA Program.

In essence, an institution must have a significant American component in its administration or the implementation of its medical and educational programs. Mere sponsorship or fundraising by Americans is not enough to qualify an institution for assistance.

Despite the apparent clarity of the eligibility criteria, there continue to be difficulties in the application process, with reports that AID is sometimes insensitive, arbitrary, and capricious in the treatment of applicants. The Committee understands that AID officials have refused to allow certain institutions even to submit an application, having decided a priori that such institutions are ineligible. This is unacceptable to the Committee. Decisions as to the eligibility or qualifications of an institution must be made only on the

basis of an application and supporting information, and in accord with the existing criteria. The Committee is informed that AID management has directed that, henceforth, applications will be received from any institution which wishes to submit one. Should this not prove to be the case in fiscal 1990, the Committee will be compelled to take strong action against AID.

The Committee also wishes to point again, as it did in its report last year, that awards at variance with the eligibility criteria discriminate against the applications of legitimately qualified institutions. These institutions are penalized by lower grants as a result of funding provided to organizations which may not fully comply with the program's stated criteria. This trend dilutes the aims of the original legislation by which ASHA was created.

MENTALLY AND PHYSICALLY IMPAIRED PROGRAMS

The Committee amends section 214 of the Foreign Assistance Act to include among the institutions eligible for funding under the American Schools and Hospitals Abroad [ASHA] Program those institutions serving the needs of the mentally and physically impaired. The Committee believes that funding such institutions fits squarely within the mandate of the ASHA program and that the foreign policy interests of the United States are served by their support. The Committee offers this amendment as a remedy to what it believes to be past discrimination on the part of AID in the review of applications and awarding of grants under the ASHA program.

CONSULTATIONS WITH CONGRESS

The ASHA Program has a strong record of accomplishments to its credit. Yet, in recent years, it has become the focus of considerable criticism for its decisions on the granting of funding to foreign medical or educational institutions which have applied for assistance. A program as valuable as this should not be permitted to be damaged or destroyed because of a lack of cooperation and consultation between Congress and the executive branch over needed changes and improvements. Therefore, the Committee strongly urges the management of AID to engage in close consultations with the Committee in the coming months to discuss what measures may be advisable to strengthen this invaluable program.

AMERICAN UNIVERSITY IN CAIRO

The Committee has taken note that the amount of Egyptian pounds returned to the United States pursuant to Public Law 99–236 (50 million pounds) for United States purposes in Egypt, which the Congress directed to be used to create an endowment in the United States Embassy of 50,000,000 dollars' worth of pounds of which the American University in Cairo would be the beneficiary, currently has a value of less than $20,000,000 owing primarily to changes in the rate of exchange since the adoption of the legislation.

The Committee regards the American University in Cairo as being of outstanding importance in providing an American type of

university education in Egypt (and elsewhere in the Middle East), and as being a key element in the close relationships that have developed between the American and Egyptian people. The American University in Cairo receives some annual dollar operating support from funds appropriated to the AID/ASHA program, but its principal U.S. governmental support (about 5 percent of its budget) is through Egyptian pounds (originally from excess currency and now through the Embassy endowment). When adopting the previous legislation the Committee specified that the pounds should be made available to the Embassy at the best available rate of exchange. The legal rate of exchange that most closely approaches the free market value of the pound is the bank or commercial rate. The pound endowment that the Congress intended to have a dollar value of $50,000,000 actually had an initial value of only $38,000,000 at that rate and now, only a few years later, has a value of less than $20,000,000.

The Committee is convinced that support of the American University in Cairo should be kept at the originally intended dollar level and hence has decided that the pound endowment should be restored to that value. Should the pound-dollar exchange rate continue to alter in favor of the dollar, the Committee would wish AID to establish steps to periodically bring the endowment up to the $50,000,000 level.

The Committee has also taken note that other American educational institutions in Egypt are contributing both to scholarship and to good Egyptian-American relations. It accordingly decided that a second pound endowment should be established in the Embassy through funds returned to the United States in the same fashion and under the same legislation as the endowment of which AUC is the beneficiary. It has specified the amount of this second endowment as 20 million Egyptian pounds. The Committee directs that the beneficiaries should be Chicago House (the Luxor base of the Egyptology research of the University of Chicago), the Fulbright Commission, and the American Research Center in Egypt, which funds individual research in Egyptology, Middle Eastern, and Egyptian studies. The intention of the Committee is that Chicago House should be the beneficiary of the income of one-half of this amount, and that the Fulbright Commission and ARCE should share in the income of one-quarter each.

The Committee recognize that it may be necessary for these funds to be made available over a period of more than 1 year but it would like them to be made available as soon as possible. The Committee requests a report from AID on steps taken to implement this legislation and on the establishment of the new endowment, with the Committee to have 3 weeks after transmittal to comment.

CHINA

The Committee supports the continued funding of programs in the People's Republic of China [PRC] through the American Schools and Hospitals Abroad [ASHA] Program. The Fudan University Center for American Studies and the Sino-American Medical Center in Shanghai, as well as the Johns Hopkins-Nanjing University Center for Chinese and American Studies in Nanjing, repre-

sent beacons of American thought and ideals in this troubled corner of the world. At the same time, they provide American students and scholars with exposure to Chinese civilization as well as the understanding and confidence necessary for future trade and investment.

The Committee believes that the administration was correct in choosing not to suspend funding for these programs in the wake of the June 4 crackdown on student supporters of democracy in Tianamen Square. As the Chinese people struggle to regain the freedoms lost that day, the Committee feels it would be tragic for the United States to voluntarily retreat from the constructive role it has played in the country's modernization process. Likewise, the Committee is encouraged that the Chinese Government recognizes the special significance of these institutions and has signaled that there will be no official or unofficial interference with their normal course of operation.

ORBIS

The Committee continues to support Project ORBIS and believes it deserves the wholehearted support of the ASHA Program. Project ORBIS combats world blindness in an atmosphere free of partisan politics. Over the years, it has received the endorsement of 55 heads of state, including Presidents Bush and Gorbachev, and the United Nation's Secretary General, Javier Perez de Cuellar. ORBIS maximizes the value of each foreign assistance dollar by devoting 91 percent of its funds to program service, 5 percent devoted to fundraising and 4 percent allotted to administration and management. The Committee is hard pressed to find another nongovernmental organization which can lay claim to a similar level of operational efficiency.

ORBIS continues to expand its efforts by reorganizing and adding to its exchange of skills program. Exchanges already have taken place among ophthalmologists, anesthesiologists, nurses, general practitioners, public health workers, and community leaders.

Project ORBIS has accomplished these extraordinary feats on an extremely limited budget. The Committee urges AID to fund Project ORBIS at the level necessary for it to fully accomplish its missions.

AMERICAN UNIVERSITY OF BEIRUT

The Committee has historically been a supporter of the work of the American University of Beirut [AUB] as an institution which maintains a high commitment to the Middle East, as well as dedication to the American principles of education, and which has provided essential medical care to the Lebanese people. Despite the conflict and destruction that surrounds it, the university continues to struggle to maintain high standards in the quality of educational and health services which it provides.

AUB faces extraordinary hardships as a result of the civil war in Lebanon. It also continues to experience great pressure on its budget from hospital operations since it is not reimbursed for care of the wounded and indigent. The Committee believes it greatly serves American interests to ensure that AUB can continue to play

its historical role in fostering free discussion and independent thought in the Middle East, and it urges AID to continue providing assistance to the university.

JOHNS HOPKINS BOLOGNA CENTER

The Committee is concerned that funding for the Johns Hopkins Bologna (Italy) Center was abruptly terminated, leaving the center no time to seek other sources of funding. This unique national resource, the only U.S. graduate school of international affairs in Europe, has provided American-style instruction in English since 1955. It has educated nearly 3,000 graduates who serve around the world in important positions in government, business, banking and finance, and journalism.

The Committee urges AID to restore funds for the Bologna Center in fiscal year 1990, with the understanding that future funds could be gradually phased out over the next 3- to 5-year period.

ESPERANCA

The Esperanca program brings basic medical care to children along the Amazon river in Brazil. Doctors from America volunteer their time to journey on the river and bring their medical expertise to those in dire need of health care assistance. In the past, Esperanca has been awarded a multiyear grant through the ASHA program. The Committee strongly recommends AID to continue funding this very beneficial program.

FEINBERG GRADUATE SCHOOL

For more than two decades, the Feinberg Graduate School of the Weizmann Institute of Science has been an outstanding model of American scientific education for postgraduate students and scholars from around the world, including developing nations in Latin America, Africa, and the Middle East. Since its inception, the Feinberg School has been a major and exemplary recipient of ASHA funds. In all respects, the school complies with the goals and criteria of the ASHA program. In light of the school's substantial and continuing contributions to U.S. foreign policy goals, the Committee strongly recommends that AID continue to support this outstanding program.

In addition to the programs of the Feinberg School currently supported by AID, the Committee is aware of an opportunity for AID to support the important work being done by the School's McArthur Centre for Molecular Biology of Parasitic Diseases. In collaboration with scientists from Brazil, Mexico and other countries, postgraduate students at the McArthur Centre are engaged in groundbreaking research on parasitic diseases, such as river blindness, of paramount importance to many less-developed countries. The Committee urges AID to provide support for this worthwhile program.

SALZBURG SEMINAR IN AMERICAN STUDIES

The Salzburg Seminar in American Studies, an American institution headquartered in Cambridge, MA, has submitted an application to AID's American Schools and Hospitals Abroad Program requesting $500,000 in grant assistance. A $3,000,000 project to improve the facilities on its Salzburg, Austria, campus was recently embarked upon by the Seminar. The $500,000 requested in assistance from ASHA would be used toward these renovations.

Participants from the educational program in Salzburg are chosen by the Seminar's staff on a competitive basis. Between 300 and 400 men and women attend each year, with more than 100 countries represented since the Seminar's founding in 1947. All participants are required to live on the campus, however, the living accommodations have been sorely inadequate for many years.

The Seminar program allows non-Americans to learn about the United States through lectures, small group discussion, and informal conversation with highly regarded Americans from our institutions of higher learning, our private sector and our judiciary. Faculties of the Seminar's program have been comprised over the years of people such as Henry Steel Commanger on American history, Ralph Ellison and Alfred Kazin on American literature, and justices of the Supreme Court on American law. The Seminar has been acclaimed as one of this country's most successful educational institutions in Europe.

The Committee finds that the Salzburg Seminar meets the eligibility requirements for assistance from ASHA and urges that the $500,000 grant be issued by ASHA during fiscal year 1990.

INTERNATIONAL DISASTER ASSISTANCE

Appropriations, 1989	$25,000,000
Budget estimate, 1990	25,000,000
House allowance	25,000,000
Committee recommendation	25,000,000

The Committee recommends an appropriation of $25,000,000 for AID's "Disaster assistance" account for fiscal 1990. This is the same as the amount requested by the administration and recommended by House. Section 492(b) of the Foreign Assistance Act of 1961 allows the administration to borrow up to $50,000,000 from other accounts to supplement the annual appropriation.

In fiscal year 1989, the Office of Foreign Disaster Assistance [OFDA] responded to the greatest number of disasters ever declared by U.S. ambassadors within a 12-month period. OFDA administered a program totaling $72,000,000 last year. OFDA had to initiate borrowing authority in March 1989, drawing from ESF for Sudan under section 492, and also from SADCC.

RELIEF AND DEVELOPMENT

The Committee shares the concern of the new OFDA Director that AID has failed to distinguish clearly between disaster relief and the long-term needs of developing nations. All to often, disaster relief has become a substitute for intensive economic, social, environmental, and agricultural planning and rehabilitation. The

Committee instructs AID to reexamine its disaster relief policy, with special reference to cyclic disasters such as locusts in Africa and flooding in Bangladesh, and incorporate these and other recurring phenomena into its overall regional development strategies. Chronic crises, such as these, must become the institutional concern of AID's bureaus and missions rather than a constant charge on the limited resources of the International Disaster Program.

STOCKPILES

The Committee would like to see improvements made to OFDA stockpiles worldwide, in particular, increases in the number of available water bladders and water purification systems as well as an increase in heavy equipment necessary for search and rescue. OFDA should consider developing African stockpiles which it does not now have, in conjunction with the Africa Bureau.

LOCAL PROCUREMENT

The Committee believes that the potential exists for increased local procurement of basic relief commodities by the Office of Foreign Disaster Assistance. The Committee maintains that regularized procurement can be used to further microenterprise development in select LDC's by providing a steady demand for goods and services used in United States and international relief operations. Though the Committee is fully cognizant of the need for timeliness, standardization, quality control and management oversight in disaster preparedness, it believes the potential exists for significant procurement savings to OFDA while at the same time achieving important development objectives. The Committee directs that OFDA report, by March 30, 1990, on the feasibility of using U.S. disaster procurement funds in this dual capacity and thereby enhance regional disaster readiness while encouraging private sector suppliers.

SPECIAL NEEDS OF CHILDREN

The Committee has a special concern for the plight of children caught up in disasters. The Committee recommends that not less than $500,000 in disaster assistance funds be provided to children who have been displaced because of natural or man-made disasters. The Committee requests AID to include a section describing in detail its response to the special problems and needs of children in disasters in its congressional presentation documents for fiscal 1991.

FUTURE FUNDING

The Committee is particularly concerned that OFDA is underfunded and understaffed given the increasing number of disasters it must tackle from year to year. This is now the 18th year that OFDA has received a $25,000,000 appropriation. Use of borrowing authority by OFDA to meet urgent disaster needs is disruptive to the planning and operations of other programs within AID. Only current budget constraints prevented the Committee from increasing the funding level for international disaster assistance to a level

more commensurate with the demands made on OFDA. The Committee feels it is time the administration review it budgeting policy in the light of the recent plethora of disasters and consider requesting a more realistic funding level for international disaster assistance in its fiscal year 1991 budget.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Appropriations, 1989	$40,532,000
Budget estimate, 1990	40,147,000
House allowance	40,147,000
Committee recommendation	40,147,000

The Foreign Service Retirement and Disability Fund is a mandatory expense of the Agency for International Development.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

Appropriations, 1989	$414,000,000
Budget estimate, 1990	447,684,000
House allowance	437,000,000
Committee recommendation	437,000,000

AID OPERATING EXPENSES

The Committee recommends an appropriation of $437,000,000 for the "Operating expenses" [OE] account of the Agency for International Development for fiscal 1990. This a reduction of $10,684,000 from the administration's request of $447,684,000. It is the same as the House recommendation.

The Committee regrets the necessity to cut AID's OE below the request level. The Committee recognizes the detrimental impact this cut will have on AID's ability to manage and control its programs and operations, but the Committee has no choice but to impose cuts to remain within its budget allocation for fiscal 1990. The Committee chose to cut administrative expenses rather than programs insofar as possible, and looks to AID's leadership to exercise economies and sound management to absorb the reduction.

DISTRIBUTION OF WORK FORCE

The Committee continues to be concerned about the high proportion of AID's employee force that is assigned to Washington rather than to the field. Of the present 3,195 U.S. employees of AID, some 1,763 are employed in Washington while only 1,228 are assigned to missions abroad. (See AID employee work force table below.) This imbalance between Washington and the field has continued for several years, despite repeated expressions of concern by the Committee. Therefore, the Committee directs AID to report to the Committee no later than February 15, 1990, on its long-term personnel plans, with special reference to projected ratios between employee levels in Washington and the field. In this report, the Committee also directs AID to address trends in the professional composition of the AID work force and the relationship between these trends and projected needs in U.S. development programs.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY—SUMMARY REPORT OF DIRECT AND NONDIRECT HIRE PERSONNEL—WORLDWIDE ON-BOARD EMPLOYMENT

[Includes TDP]

	Full time with permanent tenure or with appt GT 1 year (FTP)	Direct hire		Nondirect hire total on board [2]	Grand total on board
		Non-FTP	Total		
Worldwide AID					
TDP (excludes details from AID)	15	.....	15	.....	15
U.S. nationals	3,195	[2] 361	3,556	1,579	5,135
Foreign nationals	1,148	1	1,149	5,707	6,856
Total worldwide AID and TDP	4,358	[2] 362	4,720	7,286	12,006
United States AID					
United States (excludes complements) Bureaus/ Offices—U.S. nationals	1,763	[2] 242	2,005	414	2,419
Total complements—U.S. nationals	204	83	287	1	288
Overseas					
Africa Bureau:					
U.S. nationals	405	15	420	481	901
Foreign nationals	282	.....	282	1,852	2,134
Total	687	15	702	2,333	3,035
Asia and Near East Bureau:					
U.S. nationals	443	12	455	430	885
Foreign nationals	481	1	482	2,809	3,291
Total	924	13	937	3,239	4,176
Latin America Bureau:					
U.S. nationals	303	7	310	250	560
Foreign nationals	359	.....	359	1,021	1,380
Total	662	7	669	1,271	1,940
Nonregional offices:					
U.S. nationals	77	2	79	3	82
Foreign nationals	26	.....	26	25	51
Total	103	2	105	28	133
Complements:					
Washington—U.S. nationals	173	83	256	1	257
Overseas—U.S. nationals	31	.....	31	.....	31
Total	204	83	287	1	288
U.S. nationals	1,228	36	1,264	1,164	2,428
Foreign nationals	1,148	1	1,149	5,707	6,856
Total overseas	2,376	37	2,413	6,871	9,284

[1] Included quarterly contract summary as of Jan. 31, 1989; RSSA information as of Jan. 31, 1989; PASA information as of Jan. 31, 1989. FN counts are as of this report.

[2] Total includes 4 reimb det (13 AID/W 1 OS) Public Health Officer in shortage category.

Note.—AID FTE work-years 4607.5; non-FTE's 269.11; FT positions 4,662 (includes 67 IDI's); TDP FTE work-years 17; FT positions 15.

AID BUDGET REFORMS

The Committee is pleased to learn that a new budget planning staff has been established in AID, reporting directly to the Administrator. This staff will seek for the first time in the history of AID

to integrate budget planning between the program and administrative sides of the Agency. The Committee looks forward to learning more about the results of this effort to relate the costs of implementing programs with the administrative overheads of AID. The Committee strongly encourages this effort by AID management.

FAAS PAYMENTS

The Committee has included language in the bill continuing from fiscal 1989 a limitation of $15,000,000 on payments by AID to the foreign affairs administrative system [FAAS]. In the FAAS, foreign affairs agencies share the costs of common services, except that since the inception of FAAS, the Department of State has reserved to itself the complete management and control of a number of services, including telecommunications, medical, transportation, and others. To protect its complete control of these services, State has not billed FAAS participating agencies for their use of such services.

Now, faced with growing budgetary constraints, the Department of State is seeking to impose on FAAS participants costs for services hitherto provided without charge. For fiscal 1990, the State Department intends to bill AID for $27,300,000 in charges for FAAS services, an increase of more than $11,000,000 over fiscal 1989. AID is being asked to absorb a 73-percent increase in its contribution to a system over which it has little or no control. In view of State's longstanding insistence on complete control of services for which it now wishes to charge, the Committee cannot agree to allow AID to be forced to pay these additional charges. This is nothing less than the transfer of $11,000,000 in outlays from the account of the Department of State to the Agency for International Development, with AID having no meaningful participation in the formulation of policy or the management of the services provided.

There is little dispute that the FAAS system is badly flawed and major changes are urgently needed. Overseas agencies are at the mercy of the State Department administrative apparatus which routinely favors the needs of State personnel over those of other participating agencies. AID has no control over the quality of the services provided nor the ultimate costs. There is no incentive on the part of the State Department either to control costs which are borne by other agencies or to manage overseas support services more efficiently.

The Committee understands that a comprehensive interagency review of the entire FAAS system is underway now, to be completed in fiscal 1990. In view of highly critical studies of the FAAS system by the GAO in the past (for example, GAO/NSIAD–88–84, of March 1988, entitled "Overseas Support: Current U.S. Administrative Support System is too Complicated"), the Committee believes such a review is long overdue. The review is to lead to recommendations for major changes to the current FAAS system. The Committee expects that the results of their review and analysis will be shared with it by the administration. The Committee believes it is premature for the Department of State to seek to shift these costs onto AID prior to the results of this comprehensive review which could lead to a significant restructuring of the FAAS

system. Therefore, the Committee recommends that the cap of $15,000,000 on FAAS payments by AID from fiscal 1989 be continued in fiscal 1990. The Committee is prepared to review the entire matter of AID contributions to the FAAS in light of the conclusions of the interagency review.

MINORITY SET-ASIDE

The Committee recommends earmarking a minimum of 10 percent of development assistance and assistance for famine recovery and development in Africa for fiscal 1990 to be available for activities of economically and socially disadvantaged enterprises, including historically black colleges and universities, and colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or native Americans.

OPERATING EXPENSES OF THE OFFICE OF INSPECTOR GENERAL

Appropriations, 1989	$28,500,000
Budget estimate, 1990	31,194,000
House allowance	30,000,000
Committee recommendation	31,194,000

The Committee recommends $31,194,000 for the administrative expenses of the AID Inspector General's Office, the same as the administration request. This is $1,194,000 more than the level recommended by the House.

STAFFING LEVELS

In fiscal years 1988 and 1989, Congress directed and funded an increase in the staffing resources of the Office of Inspector General for the purpose of strengthening the audit and investigative oversight of the highly vulnerable economic foreign aid program. The Committee notes with approval that the increase planned to be in place by the end of fiscal year 1989 is, in fact, being achieved. The Office of the Inspector General will enter fiscal year 1990 at or near the newly directed staffing level of not less than 240 full-time employees with the increased positions proportionately established between the Washington headquarters and overseas regional offices of the Inspector General. The recommended funding level of $31,194,000 will support the first full year of inspector general activities at the new staffing level. It is a measure of the Committee's commitment to rigorous audit oversight of AID's programs that it is providing the full requested funding level for the inspector general despite the severe budgetary stringencies confronting the Committee in the foreign assistance program.

REGIONAL OFFICES

The Committee is pleased to observe that for the first time in years the Department of State appears to have accepted the Committee's and the Congress' strongly held conviction that the responsibilities of the AID inspector general require the establishment

and continuation of regional inspector general offices. Nevertheless, the Committee again recommends bill language designed to ensure the retention of the overseas regional organizational structure.

In this regard the Committee notes with serious concern the intention of the Department to press for the relocation of the inspector general's small regional office in Manila. In an exchange of correspondence with the chairman and ranking member of the Subcommittee on Foreign Operations, the Department associated a proposed relocation of this office with the uncertain security situation in the Philippines. Ordinarily, the Committee would be inclined to defer to the Department's rationale, but massive increases in the planned economic aid program to the Philippines, as well as continued corruption and inefficiency in the Philippine Government make it imperative in the Committee's view that any relocation of the Manila regional inspector general's office be indefinitely deferred.

The largest American economic aid program in Southeast Asia, aid to the Philippines valued at about $649,371,000, must be carried out in an environment of rampant corruption, waste, fraud, and abuse. Despite her own valiant efforts to combat it, President Aquino herself is quoted recently as conceding that "corruption is again a way of public life." In July 1989, a pastoral letter by the bishops of the Roman Catholic Church in the Philippines spoke of corruption in the country as a "life destroying plague." The Committee is aware that some estimates of the cost of corruption in the Philippines are as high as 40 percent of the country's total gross national product. Given this situation, it is illogical for the administration to seek higher levels of economic aid to the Philippines and at the same time propose the removal from the country of the one small group dedicated to ensuring the integrity of the programs. The Committee is prepared to take further action if its concern on this issue is ignored.

INSPECTOR GENERAL SECURITY FUNCTIONS

Finally, the Committee's recommended appropriation of $31,194,000 includes $3,300,000 for the security functions of the inspector general. The latter figure includes sufficient funding to permit the inspector general to maintain the Agency's personal security clearances current and up to date. The Committee cannot stress too strongly the importance of adhering to this requirement in a foreign affairs agency such as AID.

HOUSING GUARANTY PROGRAM

(LIMITATION ON GUARANTEED LOANS)

Appropriations, 1989	($125,000,000)
Budget estimate, 1990	(100,000,000)
House allowance	(125,000,000)
Committee recommendation	(125,000,000)

(LOAN RESERVE)

Appropriations, 1989	$22,000,000
Budget estimate, 1990	45,000,000
House allowance	45,000,000
Committee recommendation	45,000,000

The Committee recommends $125,000,000 in loan guaranty authority in fiscal year 1990 spending for the Housing Investment Guaranty Program. The Committee recommendation is the same as the House recommendation and a $25,000,000 increase over the Administration's request.

The Housing Guaranty Program is AID's primary capital resource for implementing shelter programs and related urban support activities. Through the program, AID uses the private sector to finance low-income shelter and neighborhood upgrading programs in the less developed countries. Projects undertaken by the program include: minimum affordable shelter, basic water and sanitation infrastructure, home improvement loans, and community facilities. The U.S. Government guaranties the loans to protect U.S. lenders against possible loss. The lenders, in turn, charge interest rates that reflect the U.S. guarantee. AID charges a fee for its guarantee to cover operating expenses and to contribute to claim payments.

AID has authorized a total of $2,300,000,000 to finance specific housing projects since the inception of the program. To date, some 210 projects have been carried out or are in progress in over 40 countries.

The Committee again has included bill language to insure the full use of guaranty authority. The Committee adds language to require that guarantees issued under this program be 100 percent of principal and interest and prohibiting Federal Financing Bank ownership of loans or guarantees.

ECONOMIC SUPPORT FUND

Appropriations, 1989	$3,258,500,000
Budget estimate, 1990	3,331,100,000
House allowance	2,145,000,000
Committee recommendation	3,247,000,000

The Committee recommends an appropriation of $3,247,000,000 for the "Economic support fund" account of the Agency for International Development for fiscal 1990. The administration requested $3,331,100,000. The House recommended $2,145,000,000, though it transferred an additional $920,000,000 from the ESF account to development assistance.

ESF DISBURSEMENT

The Committee has included bill language which limits the disbursement of economic support funds. This limitation does not apply to funds made available for Israel and Egypt.

The Committee is aware of the important security interests that are funded from the "Economic support fund" account. It is also concerned, however, that the dramatic increases in economic support fund assistance during this decade have led to management

and administrative problems which deserve closer examination by the Committee. It was the Committee's intention in first appropriating economic support funds on a 2-year basis to give the executive branch greater flexibility to leverage economic support funds to encourage improvements in economic performance of economic support fund recipients. While used for this purpose at times, the Committee is concerned that maximum leverage has not yet been achieved. The Committee believes that, especially in light of budget stringencies, the administration of economic support funds requires closer scrutiny which the delay in obligations will afford.

Second, the Committee is concerned that these same budget stringencies have stretched many of the programs in the bill to the limit. This is particularly the case with the economic support fund. Without attempting to make the administration's case for it, it is a truism that earmarking is taking an increasing percentage of the "Economic support fund" account. The Committee has attempted to keep earmarking to a minimum recognizing that there is value in providing flexibility to the administration. By the same token, the administration should also avoid the precipitous obligation of economic support funds thereby placing itself in the position of not having the resources to meet unforeseen emergencies. To that end, therefore, the cap on obligations serves to conserve ESF resources in order to better meet contingencies.

STRUCTURAL REFORM

The Committee supports the use of ESF to assist developing nations to undertake structural reforms of their economies, and recognizes the value of ESF cash transfers to such countries to assist with balance of payments. However, recently, the Committee has become concerned with AID's apparent overemphasis on structural reforms regardless of political risk in key countries. We have seen political explosions in developing countries when the populace is pushed too hard through austerity programs and rapid reforms in the Government sector leading to reductions in subsidies of critical commodities and services, including transportation, education, and medical care. In many cases, Government or Government-sponsored programs are the only sources of such services to the poor, particularly the urban poor in the sprawling cities of the developing world. A careful balance must be maintained between the undeniable need for major structural reform in the developing countries and the political and social dangers of pushing weak, inefficient economies and institutions faster than they can safely go.

The Committee welcomes the recent release of $115,000,000 in ESF cash to Egypt. The Committee was concerned about the withholding of authorized ESF cash transfers to Egypt for both fiscal 1988 and 1989 as leverage to induce Egypt to reach agreements with the International Monetary Fund and the World Bank. The Committee understands major economic and budgetary reforms are being undertaken by the Government of Egypt which justifies release of the ESF cash transfer, and that significant progress has been made in the negotiations with the IMF and the World Bank. However, once again, the Committee cautions as it did in fiscal 1988 and again in 1989 that in providing funds for ESF cash trans-

fers to Egypt in the context of significant economic reforms, that it does not mean such reforms to require a comprehensive economic reform program negotiated with the IMF. Such a program could be invaluable to Egypt, and the Committee would be pleased to see such an agreement. However, such an agreement is not the sine qua non for release of the ESF cash transfer funds provided by the Committee. The Committee does not wish to have to enter into another exchange with the administration in fiscal 1990 to make its intentions clear.

ISRAEL

The Committee recommends an earmark of $1,200,000,000 in ESF funds for Israel. The Committee retains bill language which requires that these funds be on a grant basis in the form of a cash transfer, which must be disbursed within 30 days of enactment of this act or by October 31, 1989, whichever is later.

EGYPT

The Committee recommends an earmark of $815,000,000 in ESF funds for Egypt.

The administration has requested $115,000,000 in cash transfer to Egypt to support Egyptian efforts at economic reform. In order to provide the administration increased flexibility in its dealings with the Egyptian Government, the Committee has dropped its statutory limitation on cash transfers to Egypt. Nevertheless, the Committee believes that cash transfers should not be provided to Egypt in the absence of additional economic reforms. Any change in the program justified to Congress should be made through the regular congressional notification procedures.

ADMINISTRATION OF JUSTICE

Because of the extreme demands being placed on the ESF account, which will have to be reduced considerably below the administration's request, the Committee is not recommending an earmark for the Administration of Justice Program. However, the Committee expects that this program will continue to be fully funded by the administration. The Committee includes language in the bill extending the program through fiscal 1990.

DEMOCRATIC INITIATIVES PROGRAM

The Committee notes the value of the AID Democratic Initiatives Program carried out by the Latin America Bureau. This high-priority program financed with regional ESF resources is comprised of, among other things, election assistance including international observer programs, human rights education, civic participation, journalism strengthening, and support for legislative initiatives. The Committee urges the administration to continue funding these important programs at similar levels.

TIED AID CREDITS

The Committee has once again set a ceiling of $5,000,000 on ESF funds which can be used for tied aid credits to combat predatory

export financing by other nations. The Committee continues bill language giving the President the authority to waive this ceiling should he determine that it is in the national interest to do so. Once again, the Committee encourages the administration to make use of ESF for tied aid credits to combat unfair trading practices by other countries.

POLAND

The Committee recommends continuation of its $2,000,000 earmark of ESF for the provision of medical supplies and equipment for Poland, which can include purchase, transportation, and distribution costs.

The Committee also includes an earmark for $10,000,000 in ESF funds to support the President's commitment to assist the development of the private sector in Poland and to help with environmental problems.

SOLIDARITY

The Committee recommends an earmark of $1,500,000 for assistance to the Polish Free Trade Union, Solidarity. It is the Committee's intention that these funds be used in the same manner as provided in fiscal 1988 and fiscal 1989. The Committee recommends an earmark of $1,000,000 to support other independent, democratic organizations, and activities in Poland.

WEST BANK AND GAZA

The Committee recommends an earmark of $12,000,000 in ESF funds for the West Bank and Gaza Program which the Agency for International Development carries out through private and voluntary organizations. Started in 1975, this program focuses on health, education, the contruction of rural roads, and institution building. The projects funded include land reclamation, agricultural production, potable water, and credit for farmers.

The Committee understands that this program enjoys substantial success despite the uprising in the West Bank and Gaza. It is widely supported by local Palestinians, who recognize the good that it does them, and by Israel, which seeks to improve conditions in the territories. Some of the most effective PVO's participating in the program are indigenous Palestinian organizations. The program is a concrete demonstration of the concern the United States feels for the people in the West Bank and Gaza. The Committee believes it is important that the program continue.

SAN SALVADOR ELECTRIC LIGHT CO.

To the dismay of the Committee, the longrunning dispute involving the expropriation of an American-owned power company, San Salvador Electric Light Co., has not yet been settled, despite strong urgings by the Committee and promising steps by the Salvadoran Supreme Court. It is inexcusable that this dispute continues to drag on without resolution. The Committee agrees with the House in recommending strong actions by Congress. Therefore, the Committee has included bill language requiring a report from the

President on progress being made to settle this dispute before any ESF approved for El Salvador in fiscal 1990 may be disbursed. The Committee would expect evidence of progress to include appointment of a negotiator by the Salvadoran Government, the initiation of negotiations, and the presentation of an offer for a settlement.

AVAILABILITY OF FUNDS

To provide essential flexibility in the use of ESF funds, the Committee again recommends language in the bill providing that the funds will remain available for 2 years.

SOUTH PACIFIC PROGRAMS

The Committee is again recommending an earmark of $10,000,000 for programs to implement the South Pacific Tuna Act of 1988. This is the third year of a 5-year commitment undertaken by the United States. The South Pacific Tuna Act authorizes the appropriation of funds to carry out the Regional Fisheries Treaty of 1987 between the United States and a number of governments in that region. The Committee directs that of the $10,000,000 provided for this purpose, approximately $1,000,000 will be used for project assistance and approximately $9,000,000 will be used for nonproject assistance to the Pacific island states.

HUNGARY

The Committee has earmarked $5,000,000 in ESF to support the President's commitment to assist the development of the private sector in Hungary and for other developmental purposes.

INDEPENDENT AGENCIES

AFRICAN DEVELOPMENT FOUNDATION

Appropriations, 1989	$8,000,000
Budget estimate, 1990	9,000,000
House allowance	9,000,000
Committee recommendation	9,000,000

The Committee's recommendation for the African Development Foundation [ADF] is $9,000,000, the same as the administration's request and the same as the House recommendation. This is a $1,000,000 increase over the fiscal year 1989 enacted level of $8,000,000.

The Committee continues to monitor the progress of negotiations between the African Development Foundation and the African Development Bank to jointly finance a facility to provide training and credit assistance to informal sector entrepreneurs and family enterprises. It is the Committee's understanding that some progress has been made this year with the African Development Bank and that they have agreed to initiate the project on a pilot basis. The Committee strongly encourages the ADF and the ADB to complete their negotiations so that the program will become operational in fiscal year 1990. The Committee requests that the United States Executive Director to the African Development Bank continue to support this initiative by encouraging other external donor

support to the proposed ADF/ADB facility. The Committee requests that ADF and the U.S. Department of the Treasury report on April 15, 1990, to the Committee on the progress made in the implementation of this initiative.

The Committee bill includes a provision that clarifies under existing law that ADF can make grants, loans, and loan guarantees to public international organizations—which may include, for instance, the ADB—in furtherance of the objectives of the foundation.

The Committee bill also includes language that provides ADF with permanent authorization which is equivalent to that which is provided to the Inter-American Foundation. During its first 5 years of operation, the ADF has demonstrated a capacity for conducting grassroots development, fulfilling an important role in the United States foreign assistance program in Africa. The Committee also includes language in the bill requiring that the board of the African Development Foundation be bipartisan, with no more than four members being appointed from one political party. The provision does not affect current members of the board.

The Committee believes ADF should continue to conduct and support meaningful applied research on the problems of African development. The research should involve Africans and be directly applicable to the foundation's grassroots project portfolio. The Committee reaffirms its belief in the experimental mission of ADF and the importance of conducting research and evaluation of its projects and then disseminating those results through educational and scholarly channels. The Committee questions, however, whether the funding of advanced academic degrees, in particular doctoral research fellowships, is a proper ADF activity. The Committee directs the foundation to report in its congressional presentation document on the scope, thrust, and purpose of its overall research program. In particular, this report should address the foundation's plans to support advanced scholarly research, including doctoral research fellowships. The report should include a description of the results, in terms of development, of its previous research activities, including doctoral research fellowships.

Inter-American Foundation

Appropriations, 1989	$16,600,000
Budget estimate, 1990	16,932,000
House allowance	16,932,000
Committee recommendation	16,932,000

The Committee recommends an appropriation of $16,932,000 for the Inter-American Foundation, the same as the House recommendation and the administration request.

RENEWABLE ENERGY

The Committee finds that renewable energy technologies, which includes solar, wind, and biofuels, have the potential to greatly assist African and Latin American countries to meet their basic energy needs and fuel social and economic development at the rural village level.

The Committee directs the African Development Foundation [ADF] and the Inter-American Foundation [IAF] to initiate opportunities for African and Latin American technicians and energy experts to share ideas and explore alternative energy technologies that will enhance rural productivity and development initiatives. Such opportunities might include regional conferences in Africa and Latin America for local technicians and energy experts to share renewable energy applications and the development of indigenous capacity to produce renewable energy technologies.

The Committee directs the ADF and the IAF to work independently with American companies involved in renewable energy technology to develop demonstration projects in Africa and Latin America, and to report to the Committee on the progress of this issue in their annual congressional presentation documents.

Overseas Private Investment Corporation

(LIMITATION ON DIRECT LOANS)

Appropriations, 1989	($23,000,000)
Budget estimate, 1990	(17,000,000)
House allowance	(23,000,000)
Committee recommendation	(17,000,000)

(LIMITATION ON GUARANTEED LOANS)

Appropriations, 1989	($175,000,000)
Budget estimate, 1990	(175,000,000)
House allowance	(189,000,000)
Committee recommendation	(209,000,000)

(LIMITATION ON EQUITY PROGRAM)

Appropriations, 1989	
Budget estimate, 1990	($3,000,000)
House allowance	
Committee recommendation	

The Committee recommends a limitation of $17,000,000 on OPIC direct loans and $189,000,000 on guaranteed loans. This is the same as the House recommendation. The administration requested a limitation on direct loans of $17,000,000, on guaranteed loans of $175,000,000, on the equity program of $3,000,000.

The Committee believes that OPIC's programs are highly productive in encouraging the participation of U.S. business in the growth of developing world economies. Were it not for the necessity to restrain funding levels, the Committee would have recommended higher levels for OPIC.

SUSTAINABLE RESOURCE FUND

The Committee is encouraged by OPIC's efforts to sponsor a sustainable resource fund. At a time when concern about protecting the environment is increasing in all sectors, OPIC should capitalize on its involvement with private companies and its experience in working overseas to support projects to preserve the natural resource base of developing countries. The purpose of this fund would

be to promote greater private sector participation in this effort, whether in protecting biological diversity by investing in sustainable wildlife management, controlling pollution, supporting sustainable agriculture techniques, or investing in renewable sources of energy. The Committee believes that the disappointing results of many past development projects is due in part to the lack of coordination between public and private sectors, and the failure to give proper attention to the preservation of natural resources. OPIC can play a significant role on both scores, and the Committee, therefore, urges OPIC to give this fund the maximum capital support that can be effectively utilized.

POLAND AND HUNGARY

The Committee is encouraged by the movement toward democracy in Poland and Hungary and believes that we need to quickly assist these countries in addressing significant economic difficulties. The Committee believes that the Overseas Private Insurance Corporation can play an important role in stimulating the private sector in Poland and Hungary and assist both countries on the road to economic recovery.

The Committee is concerned about respect for internationally recognized workers' rights in all countries in which OPIC operates, including Poland and Hungary. The Committee is aware that negotiations are underway at OPIC on a workers' rights contract issue. The Committee expects OPIC to negotiate in good faith and to conclude these negotiations as soon as possible.

PEACE CORPS

Appropriations, 1989	$153,500,000
Budget estimate, 1990	163,614,000
House allowance	163,614,000
Committee recommendation	163,614,000

The Committee recommends an appropriation of $163,614,000 for the Peace Corps for fiscal 1990, the same as the administration request and the House recommendation.

Few if any foreign aid programs are as popular with the American people as the Peace Corps. The Committee strongly supports the work of the Peace Corps and believes the administration should assure that future funding requests are adequate to meet the Peace Corps' needs. The Committee regrets that due to severe budget limitations it could not provide sufficient funding for the Peace Corps to ensure that its goal of 10,000 volunteers by 1992 is met.

The Committee believes that Peace Corps volunteers provide an invaluable service in overcoming barriers that separate us from other cultures, regardless of the ideology of the governments in those countries. Thus, the Committee strongly supported the administration's plan to send Peace Corps volunteers to China. Despite the recent brutal suppression of peaceful demonstrations for democracy by the Chinese Government, the Committee continues to believe that enabling the Chinese people to have contact with Peace Corps volunteers is in the interests of the United States, assuming their personal safety in China can be assured. Unfortunate-

ly, the Chinese Government has decided to suspend the program, at least for the time being. The Committee wishes to be kept informed of any change in the Chinese Government's position.

The Committee also notes that the Peace Corps plans to send volunteers to Hungary to teach English, the first Peace Corps program in a Communist country. The Committee welcomes and supports this step, though it continues to believe that the primary mission of the Peace Corps is in the developing world.

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL

Appropriations, 1989	$101,000,000
Budget estimate, 1990	115,000,000
House allowance	115,000,000
Committee recommendation	115,000,000

The Committee is recommending $115,000,000 for the State Department's International Narcotics Control Program, the same as the administration's request and the House recommendation.

ANTINARCOTICS EARMARKS

In addition, as part of a broader effort to combat the international drug trade, the Committee makes available $69,000,000 in economic support funds to Bolivia, Ecuador, Jamaica, and Peru, and $35,000,000 in funds from the Foreign Military Financing Program to Bolivia, Ecuador, Jamaica, and Colombia to assist those nations in their antidrug efforts. An additional $3,500,000 is made available from the Foreign Military Financing Program for the procurement of ammunition and weapons for foreign law enforcement agencies, and paramilitary units organized specifically for narcotics law enforcement, for use in narcotics control, eradication and interdiction efforts. These funds are to be additional to any other ESF or FMS funds made available to any of these countries for other purposes.

The Committee also provides authority for $1,000,000 from the Foreign Military Sales Financing Program to be made available to arm for defensive purposes aircraft owned by foreign governments and used solely for narcotics control, eradication, or interdiction efforts. Finally, the Committee provides that not less than $500,000 from funds appropriated to carry out section 481 of the Foreign Assistance Act of 1961 shall be available for the testing and use of safe and effective herbicides for use in the aerial eradication effort.

INM PROGRAM

The Committee has been fully supportive of increased efforts to stop the flow of illegal narcotics into the United States. The Committee's funding provisions for the antinarcotics effort demonstrates the seriousness by which the Committee regards this threat. Unfortunately, measured by any objective standard, the efforts by the core of the U.S. international narcotics campaign, the State Department's International Narcotics Control Program, have not succeeded. Despite a doubling in funding for the INM Program since 1985, the flow of dangerous drugs into the United States has in-

creased dramatically. According to the State Department's conservative estimates, in 1985 worldwide cocaine production was 160,000 metric tons. Today it is 230,000 metric tons. Last year Americans consumed 90 metric tons of cocaine.

While the Committee recognizes that some cocaine and marijuana production has been eradicated and several prominent drug traffickers arrested, the State Department's budget for narcotics control is obviously woefully inadequate to significantly reduce production or stem the flow. Indeed, as noted, production continues to soar despite small achievements in eradication. Moreover, this token effort is confused by the Department's attempts to run an antidrug air force of helicopters and light aircraft, and ill-trained DEA agents participating in paramilitary operations against heavily armed drug gangs in Latin America. It is further confused by the lack of reliable data on the potential health effects of aerially sprayed herbicides in tropical environments. Substantial testing to develop safe and effective herbicides is urgently needed.

Just as obviously, the major producing countries are largely unwilling or unable to control this problem. In several producing countries, drug production has become a major component of the national economy. Increasingly, drug production, trafficking, and money laundering is becoming a way of life in key countries. The crisis which recently exploded into an assault on the Government of Colombia by drug gangs vividly illustrates how drastic the situation has become. Without a much larger budget and a much clearer and more effective antinarcotics strategy, ideally a component of a coordinated and integrated national antinarcotics effort, the State Department can only hope to continue to be an irritant to the drug cartels, rather than a serious threat.

The administration's budget request of $115,000,000 for fiscal year 1990 plainly bears no meaningful relationship to the size of the problem and the attention the American people have given to it. However, the Committee believes that without a clear strategy for winning the war on drugs and a realistic accounting of what it would cost, any increase in funding of the Department's International Narcotics Control Program would be premature. In fact, the Committee considered reducing the administration's request as a reflection of the Committee's view that the current program is ineffective. However, the Committee believes a reduction would send the wrong signal about U.S. determination to combat the international drug menace, and the Committee hopes that the recent establishment of a national drug coordinator, charged with formulating a national drug strategy, may lead to marked improvements in the State Departments program which could justify the request level.

A NATIONAL DRUG CONTROL POLICY

The newly appointed Director of the Office of National Drug Policy has made recommendations to the President for a national drug control strategy. The Committee believes that a national strategy must cover the State Department's role in the international arena. Any meaningful national antinarcotics strategy will, at a minimum, address the international dimensions of the drug

scourge, with a plan for combating narcotics production overseas, clear priorities in its goals in target countries, and an assessment of the level of resources over what period of time required to fully achieve those goals. The Committee also expects the national strategy to incorporate a more effective mechanism for involving and coordinating the activities of Federal agencies in the international effort against narcotics. The Committee believes the Director of the Office of National Drug Policy should candidly evaluate whether the State Department is the most appropriate agency of Government to carry out our international program, given the inherent contradiction between the urgent need for aggressive actions to curb foreign narcotics supply and the Department's disposition to avoid disrupting relations between the United States and producer countries.

The Committee wishes to state that in evaluating the administration's budget request for the State Department's drug program in fiscal 1991, it will carefully examine the extent to which the Committee's views herein stated have been taken into account. The Committee will find it difficult to justify continued funding at utterly inadequate levels a token international drug effort through the State Department's Bureau of International Narcotics Control.

INTERNATIONAL NARCOTICS CONTROL PROGRAM—FISCAL SUMMARY

[In thousands of dollars]

	Fiscal year—		
	1988 enacted	1989 estimate	1990 request
Country program:			
Latin America:			
Bolivia	[1] 15,000	10,000	9,200
Brazil	2,340	200	1,900
Colombia	9,767	10,000	10,000
Ecuador	1,000	1,000	1,400
Jamaica	1,900	1,000	1,900
Mexico	14,500	15,000	15,000
Peru	7,500	10,000	10,000
Venezuela		700	1,000
Latin America regional	7,000	[2] 7,000	7,000
Subtotal	59,007	54,900	57,400
East Asia:			
Burma	5,000	3,000	7,500
Thailand	3,935	3,900	3,500
Subtotal	8,935	6,900	11,000
Southwest Asia:			
Pakistan	5,075	5,300	5,700
Turkey	350	350	350
Asia/Africa regional	369	450	450
Subtotal	5,794	6,100	6,500
Interregional aviation support	13,414	22,700	28,000
Total country programs	87,150	90,600	102,900
International organizations	3,100	1,100	3,100
Interregional training and demand reduction	5,200	6,000	5,500
Program development and support	3,300	3,300	3,500

INTERNATIONAL NARCOTICS CONTROL PROGRAM—FISCAL SUMMARY—Continued

[In thousands of dollars]

	Fiscal year—		
	1988 enacted	1989 estimate	1990 request
Total INM Program	98,750	101,000	115,000

[1] The $15,000,000 program budget for Bolivia was earmarked by Congress in its fiscal year 1988 continuing resolution.
[2] The Fiscal Year 1989 Foreign Assistance Act earmarked $7,000,000 program budget for Latin America regional.

Migration and Refugee Assistance

Appropriations, 1989	$461,950,000
Budget estimate, 1990	370,000,000
House allowance	370,000,000
Committee recommendation	370,000,000

The Committee recommends the appropriation of $370,000,000 for this account, as requested by the administration and recommended by the House. The administrations fiscal year 1989 total includes a $100,000,000 supplemental appropriation.

Given the extraordinary needs of refugees around the world, however, the Committee believes that the administration's fiscal year 1990 request is entirely inadequate. Despite growing refugee crises in the Soviet Union, Asia, and Africa, the administration has persisted in its request for funding levels that, considering the fiscal year 1989 supplemental request for an additional $100,000,000 for refugee needs, represent a large decrease from total fiscal year 1989 refugee assistance of $461,950,000.

Even though the Committee recommends the full administration request for migration and refugees, it is convinced that another supplemental for this purpose will be necessary in fiscal 1990, with additional impact on budget authority and outlays for this year. This is poor budget planning.

The Committee believes that these unrealistic requests for the "Migration and refugee" account cannot continue. Harm is done to proper long-term planning and budgeting to meet refugee needs, both by the Department of State and by private voluntary organizations which play a critical role in the implementation of U.S. refugee and migration policy and programs. Therefore, the Committee strongly urges the administration to respond realistically to refugee needs around the world by submitting an adequate migration and refugee assistance budget request for fiscal year 1991.

Administrative expenses.—The Committee recommends bill language providing that not more than $8,000,000 of the $370,000,000 recommended for migration and refugees be available for the administrative expenses of the Office of Refugee Programs of the Department of State.

REFUGEE ASSISTANCE PROGRAMS

Since the Refugee Act of 1980 was enacted, the Committee has continuously sought to provide appropriations sufficient to sustain a generous and humane refugee program. This year, the Commit-

tee again will recommend appropriations at a level designed to further U.S. foreign policy and humanitarian objectives.

Admissions.—The Committee recommends that of the appropriation recommended for migration and refugees, not less than $156,500,000 shall be available for refugee admissions for fiscal year 1990, based on a worldwide refugee ceiling of 84,000. The Committee again recommends an earmarking for the admissions program. The Committee further recommends that not less than $46,000,000 of admissions funds be used for refugee processing from first asylum camps in Southeast Asia. Again, because of the tenuous and fragile first asylum situation in Southeast Asia, the Committee feels that this earmark is necessary to maintain United States resettlement commitments.

The Committee directs the Bureau for Refugee Programs to continue prompt processing of long-stayers in Southeast Asian refugee camps.

The Committee continues to believe that the refugee carryover—the number of refugees approved but not admitted in the same fiscal year—is an essential factor in determining the necessary appropriations for admissions. Therefore, the Committee directs the Bureau for Refugee Programs to enter fiscal year 1991 with a carryover from 1990 of at least 40 percent (excluding Amerasians) of the approved worldwide ceiling. The Bureau again is directed to give the Committee at least 90 days notice if it expects the 1991 carryover to be less than 35 percent of the ceiling. Finally, the same 40 and 35 percent carryover requirements are again directed to apply to the Southeast Asia refugee ceiling allocation.

Amerasians.—The Committee again recommends, from the funds earmarked for admissions, an earmark of $15,000,000 for Amerasian admissions.

Indochinese refugees.—The Committee notes that the International Conference on Indochinese Refugees was held under U.N. auspices on June 13–14, 1989, in Geneva. The Committee strongly commends the administration for its clear stand in opposition to forced repatriation of Vietnamese refugees. Further, the Committee urges the administration to vigorously follow up this conference by advancing proposals designed to help United States allies and friends in the region to deal with those asylum seekers found not to be refugees and to meet the growing threat to continued first asylum by Hong Kong and the other first asylum countries. The Committee encourages the administration to explore the possibility of a regional holding center for screened out asylum seekers.

An agreement between the British and Vietnamese for the forced repatriation of Vietnamese boat refugees from Hong Kong back to Vietnam appears imminent. The Committee is dismayed with this and other developments which indicate that first asylum is deteriorating in Southeast Asia. Should Great Britain and Hong Kong choose to withdraw from commitments made at the International Conference on Indochinese Refugees by forcibly repatriating Vietnamese asylum seekers, the United States should consider responding to such a development by shifting its diplomatic and refugee program resources to working with the ASEAN nations for a continued, viable, and humane asylum and resettlement program.

The Committee further urges the first asylum countries to allow early UNHCR access to arriving asylum seekers and condemns any instances of pushbacks or forced repatriation occurring in the region. The Committee notes the new dialog between the United States and Vietnam for the release of Vietnamese reeducation camp prisoners. Should this renewed effort succeed in securing the release of such prisoners, the Committee requests that the administration prepare adequate funding requests to deal with this new influx of refugees.

Further, the Committee is concerned with the unprecedented rejection rate of refugee applicants within the Orderly Departure Program. This rejection rate, historically under 10 percent, reached a high of 80 percent in March of this year for no apparent reason. Given United States commitments in Geneva to an expanded ODP and the importance of a generous ODP to the reduction of dangerous boat flows from Vietnam, such increases in the ODP rejection rate are indefensible. In fact, such high rejection rates may be a contributing factor to the record boat flows into Hong Kong this year. As with the case of Soviet refugees flowing into Rome, the Committee views the administration's use of the offer of humanitarian parole as a substitute to refugee status as wholly unacceptable.

Thai-Cambodia border.—The Committee is heartened that Vietnam has announced its intention to withdraw its troops from Cambodia by September. It is hoped that this will lead to a peace in Cambodia which will allow the thousands of Cambodians currently living in the border camps to return home voluntarily.

Until then, it is imperative that there be no actual or apparent decrease in the U.S. commitment to those refugees living on the border. Therefore, the Committee recommends a continuation of the border education program and again directs the Bureau for Refugee Programs to report on the progress of this program by December 31, 1989. Further, in keeping with expressions of past concerns, the Committee again earmarks $1,500,000 for the Thai-Cambodian border protection program. While the protection situation on the border has improved, the Committee notes that several protection problems still exist within the Khmer sections of site II. Therefore, the Committee urges the Thai Government to permit joint DPPU and Khmer patrols within site II. Again, it is not the intention of Congress that the Bureau simply transfer these funds in lump sum to the international organizations responsible for border protection, but that protection strategies follow a comprehensive Embassy approach. Quarterly reports to the Committee on the protection situation at all Thai border camps area is again requested. Such reports should be made available to the Committee within 30 days after the completion of each quarter of fiscal year 1990.

The Committee further notes that Khmer Rouge human rights abuses have continued unabated in camps controlled by them along the Thai-Cambodian border. The Committee urges the Thai Government to demand unrestricted access by international agencies to all Khmer Rouge camps in Thai territory and to allow all refugees living along the border to freely choose the camp in which

they wish to live. The U.S. State Department should use every opportunity to press these objectives.

Antipiracy.—The Committee recommends continuation of the Antipiracy Program and again earmarks not less than $1,500,000 for that purpose. Unfortunately, vicious attacks by pirates who roam the waters of Southeast Asia have continued; just three pirate attacks during March and April of this year left 230 asylum seekers dead or missing. Again, the Committee expressly forbids the expenditure of U.S. funds by local authorities to deny asylum to asylum seekers.

Soviet refugees.—The slow and problematic United States response to increased emigration from the Soviet Union is well documented. The Committee is disturbed that, despite the need for additional Soviet refugee admission numbers and corresponding supplemental appropriations in fiscal year 1989, the administration has made no effort to adjust its fiscal year 1990 request to reflect the new realities with regard to vastly increased Soviet emigration. The Committee believes that in order to bring to successful fruition U.S. foreign policy goals—namely, increased Soviet respect for human rights and the freedom to emigrate—the United States must maintain its position of leadership in fostering the internationally recognized right of emigration. The Committee also urges the administration to work closely with Israel on constructive programs to absorb Soviet Jewish refugees, who may be interested in immigrating to Israel.

Polish refugees.—The Committee directs the Department of State to intensify efforts to process Polish refugees, many of whom have been facing long processing delays while waiting in Western Europe. Some of these cases have gone on for many months, and the delays are causing severe hardship to many Polish refugees.

Resettlement of refugees in Israel.—The Committee again earmarks $25,000,000 for the resettlement of Soviet, Eastern European, and other refugees in Israel.

Department of State consultation with the States and the Department of Health and Human Services.—The Committee believes that consultation between the State Department, the States and HHS on refugee absorption could be significantly improved. Therefore, the Committee urges the State Department to disseminate more timely and complete information to the States which will allow them to better prepare for refugee flows into their communities. Such information should include estimates as to when and what types of refugees will arrive in a particular State.

The Committee also encourages the State Department to improve coordination with the Department of Health and Human Services so that a viable, responsive domestic refugee program is maintained. The Committee notes with displeasure that while the administration requested a fiscal year 1989 supplemental for migration and refugee assistance, no corresponding domestic resettlement funds were requested. Such a lack of coordination places undue financial burdens upon the States and undermines support for a generous and humane refugee resettlement policy.

Mozambican refugees.—The Committee notes with grave concern the continued refusal of the Government of the Republic of South Africa to allow the United Nations High Commissioner of Refugees

and other international organizations access to the thousands of people who have fled into South Africa seeking refuge from war-torn Mozambique. The Committee condemns the continued forced repatriation of these asylum seekers by the South African Government as well as the continued inhumane operation of an electrified fence along the Mozambique-South Africa border which has resulted in numerous deaths and injuries to refugees. The Committee urges the administration to make the strong opposition of the United States to these practices known in any discussions with South African Government officials.

Iraqui Kurdish refugees.—The Committee recognizes the need for assistance for the Iraqi Kurdish refugees in Turkey. More than 36,000 of these refugees live in three separate camps in Turkey. Last year, 369 of these refugees died, 269 of whom were children under the age of 5. In order to prevent such deaths from occurring during the coming winter months, the Committee has earmarked $5,000,000 under the "Migration and refugee assistance" account to assist with sanitation and winterized housing improvements at the camps as well as to provide additional medical supplies.

However, a sustained and coordinated international effort to assist Turkey with its more than 300,000 Bulgarian and 36,000 Kurdish Iraqi refugees is crucial over the long term. Therefore, the Committee urges the Government of the United States to encourage Turkey to enter into an agreement with the U.N. High Commissioner on Refugees at the earliest possible date.

The administration has requested the appropriation of $370,000,000 for this program in fiscal year 1990. The administration proposes that this request be distributed as follows:

Migration and refugee assistance fiscal year 1990 budget request

Refugee admissions to the United States:	
Refugee processing abroad	$34,360,000
Transportation	53,500,000
Reception and placement grants	47,040,000
Training and orientation	21,600,000
Subtotal	156,500,000
Indochinese Refugee Program:	
UNHCR program in Southeast Asia	14,000,000
Antipiracy/Rescue at Sea Program	1,000,000
Khmer relief	10,500,000
Subtotal	25,500,000
African Refugee Program:	
Contributions to international organizations	57,200,000
Special projects	1,000,000
Subtotal	58,200,000
Near East Program:	
Relief for Afghan refugees	19,000,000

Migration and refugee assistance fiscal year 1990 budget request—Continued

United Nations Relief and Works Agency	61,300,000
Subtotal	80,300,000
Latin American Program	11,200,000
Refugees to Israel	20,000,000
International organizations:	
Intergovernmental Committee for Migration	5,800,000
International Committee of the Red Cross	4,500,000
Subtotal	10,300,000
Administrative expenses	8,000,000
Total	370,000,000

Note.—The above table details the Department of State's budget request for the Office of Refugee Programs only. Activities carried out by the Office of the U.S. Coordinator for Refugee Affairs are funded by the Office of the Secretary of State.

Emergency Refugee and Migration Assistance

Appropriations, 1989	$50,000,000
Budget estimate, 1990	10,000,000
House allowance	50,000,000
Committee recommendation	50,000,000

So that the administration may be more responsive to unanticipated refuge needs that may arise in fiscal year 1990, the Committee recommends an appropriation of $50,000,000 for the emergency refugee and migration assistance fund. The administration's request for the ERMA was $10,000,000. The House also recommends $50,000,000.

Antiterrorism Assistance

Appropriations, 1989	$9,840,000
Budget estimate, 1990	10,017,000
House allowance	10,017,000
Committee recommendation	10,017,000

The Committee recommends $10,017,000 for the Department of State's Antiterrorism Program, the same as the administration's request.

Since it was authorized in 1983, the Antiterrorism Assistance Program has grown from 15 to over 50 participating countries. Through training seminars and grants for security equipment, this program enhances the antiterrorist skills and capabilities of participating countries while fostering a cooperative relationship among foreign civilian law enforcement agencies.

The Committee believes that the Antiterrorism Assistance Program plays an important role in helping to deter attacks against American citizens and property. However, it is apparent that much more needs to be done to improve law enforcement techniques, training, and intelligence gathering overseas.

The Committee is disturbed to learn that past Department of State travel advisories to Lebanon merely urge Americans to register with the U.S. Embassy. In the Committee's view, the Department of State should make it clear in its travel advisories that

American citizens, not traveling on official U.S. Government business and going to areas deemed hazardous, do so at their own risk. The Committee recommends that the Department devise and disseminate, as soon as possible, a policy which sets forth the Government's obligations toward citizens who chose to ignore its travel advisories.

The Committee also directs the Department of State to devise a more effective means for disseminating travel advisories to the American public so that they may be more fully informed of the risks of international travel. This new approach should be outlined in the Department's fiscal year 1991 congressional presentation document on Antiterrorism Assistance.

While the Committee recommends the administration's budget request, it continues to be concerned about the effectiveness of a program with this limited a funding level. Therefore, the Committee directs the Department of State to provide a report to the Committee by April 15, 1990, on the rationale for the Antiterrorism Program, its specific accomplishments and results, future plans, and how the program is coordinated and integrated with other U.S. antiterrorism activities.

TITLE III

MILITARY ASSISTANCE

Military Assistance Program

This year, for reasons of programmatic efficiency and budgetary necessity, the Committee recommends the merger of the Military Assistance Program [MAP] with the Foreign Military Sales Program [FMS] into a new Foreign Military Sales Financing Program. The House has made a similar recommendation. The establishment of a single Foreign Military Sales Financing Program should enhance fiscal accountability and improve legislative oversight of military assistance.

The Committee recommends a ceiling of $39,000,000 on operating expenses associated with the Military Assistance Program administration. In the past, these expenses were funded out of the MAP program. However, since this bill terminates MAP appropriations and includes those expenses within a single "FMS financing" account, the Committee provides a technical amendment to the Foreign Assistance Act of 1961 to permit such administrative appropriations for residual activities under the MAP program. The Committee notes that existing law governing the Military Assistance Program should be updated and consolidated through authorization legislation to reflect these changes in the Military Assistance Program.

Foreign Military Financing Program

GRANTS AND CONCESSIONAL LOANS

Appropriations, 1989	$4,272,750,000
Budget estimate, 1990	5,027,000,000
House allowance	4,664,404,194
Committee recommendation	4,703,404,194

For fiscal 1990, the Committee recommends an appropriation of $4,703,404,194 for FMS grants and MAP administrative expenses. This compares with the administration's request of $5,027,000,000. It is equivalent to the House recommendation for both the FMS and MAP programs combined.

FMS GRANTS

As noted, the Committee recommends the termination of the MAP Grant Program and its integration into the Foreign Military Sales Credit Program renamed the Foreign Military Sales Financing Program. The funding level recommended by the Committee represents a combination of the FMS and MAP programs.

The Committee has for some time supported the conversion of most or all the FMS program into an all-grant program. In the current international situation, with most aid recipients facing enormous and growing foreign debt burdens, it makes little sense for the United States to add to this monumental problem with new loans to purchase military equipment. Two years ago, the Committee devised a procedure to permit qualifying FMS debtor nations to refinance a portion of their FMS loans at currently lower interest rates than those prevailing at the time of the loans. This provision has been of great help to such critical allies and friends as Israel, Turkey, Tunisia, Morocco, and others. The Committee regrets that Egypt, for which this provision should have been of great benefit, has failed to take advantage of it.

MILITARY ASSISTANCE AND BASE RIGHTS NEGOTIATIONS

The Committee has repeatedly made known its strong objections to the practice of several nations of linking U.S. military assistance (and other types of assistance) to agreements to permit the maintenance of U.S. military bases on their national territory. In the Committee's view, agreements of this type must be based on a shared sense of responsibility for providing for mutual security. Payment of rent in the form of U.S. military and economic assistance for the use of military bases is unacceptable to this Committee. Foreign countries hosting U.S. bases have come to expect (an expectation often fostered by the executive branch in its dealings with the host countries) certain levels of U.S. military assistance as a quid pro quo for U.S. bases. Such expectations have even come to take on the status of a right in some cases.

The Committee wishes to remind both the executive branch and foreign governments that there is no right to U.S. assistance of any kind and for any reason, including the presence of U.S. military bases. The level of assistance will be determined not in negotiations with foreign governments, but by Congress exercising its constitutional responsibility to appropriate funds. How much military assistance the United States is able to provide nations will reflect a multitude of factors, including national security. One of those factors, and an increasingly important one, is the necessity to reduce the Federal budget deficit and the requirement to restrain Federal expenditures. Such restraint must apply to military assistance as well as to other types of Federal spending. As evidence, the executive branch and foreign governments involved in base rights negotiations need only note that the Committee is recommending a reduction of nearly $350,000,000 from the administration's request for FMS.

GREECE/TURKEY

The Committee recommends earmarks of $500,000,000 for Turkey and $350,000,000 for Greece. These levels of assistance reflect the 7-to-10 ratio which Congress has consistently supported.

However, in order to give the President more flexibility to take account of uncommitted military assistance pipelines, the Committee included the following language in the bill: "Provided further, That the amount of funds made available under this heading for

Greece and Turkey, respectively, may be reduced by the cumulative amount of uncommitted balances (as of the date of enactment of this Act) of military assistance and military financing funds provided in fiscal year 1988 and earlier for such country by the United States Government."

The Committee also recommends bill language requiring (1) that any article on the United States munitions list which is provided to Greece or Turkey shall be provided with the expressly stated expectation that it will not be transferred to Cyprus or otherwise used to further the partition of Cyprus, and (2) the President is to report to the Congress on any substantial evidence that equipment provided to Greece or Turkey has been used in a manner inconsistent with the expressly stated condition on the transfer.

ISRAEL

The Committee recommends an earmark of $1,800,000 in FMS grants to Israel. The Committee retains bill language that allows, to the extent requested by the Government of Israel, funds to be used for advanced fighter aircraft programs or for other advanced weapon systems. Up to $150,000,000 of the funds provided to Israel are available for research and development in the United States and not less than $400,000,000 of the funds shall be available for procurement in Israel of defense articles and services, including research and development.

EGYPT

The Committee recommends an earmark of $1,300,000,000 in FMS grants for Egypt.

GOVERNMENT TO GOVERNMENT PROCUREMENT

While the MAP program is being terminated, the Committee wishes to retain a strong government to government procurement program for military assistance. Therefore, the Committee has included a provision in the bill requiring government to government procurement of goods and services for all FMS sale, except to those countries which were justified for FMS financing in the fiscal year 1989 congressional presentation documents.

FMS EXPENDITURE RATE

The Committee retains language from last year's continuing resolution requiring that FMS financing funds be expended at the minimum rate necessary to make timely payments for defense articles and services.

FMS FINANCING OF DIRECT COMMERCIAL CONTRACTS

In the joint explanatory statement of the conference committee on the fiscal year 1989 Foreign Operations appropriations bill, the conferees expressed concern about the reported inability of the Department of Justice to successfully investigate and prosecute cases of fraud and corruption, and to recover stolen FMS funds. In that report, the conferees expressed the view that existing regulations with respect to these transactions needed to be strengthened in

order for the U.S. Government to be able to successfully investigate and prosecute FMS-related corruption cases. The Committee continues to support the view as expressed in the conference report of last year.

However, the Committee was equally concerned to learn that supposedly in response to the conference report language, the Defense Security Assistance Agency promulgated changes to existing regulations totally outside the normal Federal Register-type process for the promulgation of regulations and guidelines. While the Committee makes no judgment on the validity of the numerous complaints which have been registered against these guidelines (that they raise a number of serious practical concerns; legal concerns including lack of any statutory basis for them; accusations that in some cases they violate State laws; that they are a violation of the Department of Defense's own privacy directives and that they are a violation of the Constitution) but the Committee does not believe that such important guidelines should be promulgated without first being published in the Federal Register and made applicable to various provisions of the United States Code. Therefore, the Committee recommends that the following bill language be included in the fiscal year 1990 foreign aid legislation:

> : Provided further, That the financial disclosure, record-keeping, and other requirements and procedures contained in the "Guidelines for FMS Financing of Direct Commercial Contracts" issued by the Defense Security Assistance Agency, or any similar requirements and procedures issued by such agency after the date of enactment of this Act concerning the eligibility of private sector participants in the Foreign Military Financing Program, shall not be effective until and unless published in the Federal Register and the provisions of 5 U.S.C. 552 are made applicable thereto.

GUATEMALA

The Committee has included language in the bill that limits military assistance to Guatemala to no more than $9,000,000 and requires that all such assistance be nonlethal.

The Committee continues to strongly support efforts to strengthen democratic civilian government in Guatemala, but is concerned that the elected government, despite large amounts of United States assistance, has made little progress during the past year to negotiate an end to the rebel insurgency, end human rights violations by the security forces, and address the overriding problem of poverty among rural Guatemalans. The Committee wishes to emphasize that continued U.S. assistance will depend on resumed progress on these important issues.

Last year in its report, the Committee indicated that it was providing nonlethal military assistance for the purpose of promoting democratically elected, civilian government in Guatemala, and with the understanding that the country's security forces would respect the human rights of the citizens of Guatemala. While the Committee acknowledged the significant progress in improving the human rights situation in Guatemala since the election of a civil-

ian president in 1986, it also expressed concern about continued reports of military and police involvement in human rights abuses, and said it expected the Guatemalan Government, among other things, to continue to make significant progress toward investigating and prosecuting human rights abuses and eliminating forced recruitment into the civil defense patrols.

While the Committee applauds the role of the Defense Minister and troops loyal to President Cerezo in defeating a coup attempt in May 1989 on the anniversary of a similar attempt last year, it reluctantly concludes that there has been little progress in protecting human rights during the past year. The lack of any progress in bringing human rights violators to justice lends credence to widespread concerns by human rights workers that the police and judiciary are either unwilling or unable to solve these crimes.

A country that suffered so terribly from the excesses of military rule deserves better. While the Committee has great hopes for the future of civilian government in Guatemala and recognizes that Guatemala has legitimate defense needs, it remains deeply concerned about the government's slow progress in establishing full civilian control over the military and in punishing those in the security forces involved in abuses of human rights. For that reason the Committee concludes that United States military assistance to Guatemala should continue to be nonlethal only and not to exceed $9,000,000. The Committee has included language in the bill so stipulating.

Additionally, the Committee was disturbed to learn late last year after the fact about a significant commercial sale of lethal military equipment to Guatemala approved by the Office of Munitions Control of the Department of State. The Committee emphasizes the sensitivity of any transfer of United States lethal military equipment to Guatemala, commercial or government. The Committee expects to be informed in advance of any proposed sales of lethal equipment to Guatemala.

The Committee continues to receive reports of forced recruitment of the rural Indian population into the civil defense organization, the civil defense patrols, including reports of disappearances and murder of individuals who have resisted joining these patrols. The Committee believes this is a serious human rights problem, particularly in view of the fact that the Guatemalan constitution stipulates that participation in this organization is to be voluntary. The Committee has received reports that several members of the Council of Indigenous Communities [CERJ], which opposes forced participation in the civil patrols, have been killed or disappeared since July 1988. The Committee believes it is essential that the Government of Guatemala ensure that participation in the civil patrols is voluntary in practice as well as law. Additionally, the Committee is alarmed by the continuing reports of attacks against members of organizations which monitor human rights, including the recent bombings of the offices of Peace Brigades International and Grupo de Apoyo Mutuo. The Committee requests the State Department to submit a report by April 1, 1990, on the harrassment or intimidation by the Guatemalan military and police of individuals who resist participation in the civil patrols, and of members of organizations which monitor human rights.

The Committee recognizes the serious steps taken by the Government of Guatemala to undertake structural economic reforms. Guatemala's economic progress during the past year should be an example to its neighbors. However, poverty in the rural areas, particularly among the Indian population, remains among the worst in the hemisphere. The benefits of the recent economic growth have not reached these people, and will not until the government addresses the social, political, and economic barriers to disbursing the country's wealth more equitably.

EL SALVADOR

The Committee has included language in the bill limiting FMS assistance to El Salvador to no more than $85,000,000.

PHILIPPINES

The Committee has included language in the bill that requires that all funds, including previously appropriated funds, for the Philippines are to be provided only through the government-to-government funding program.

HAITI

The Committee has included language in the bill that permits only nonlethal military equipment to be provided to Haiti, and that requires that all military assistance to Haiti must be proposed through the regular notification process.

DEPLETED URANIUM

Section 558 prohibits the sale of M–833 antitank shells or any comparable antitank shells containing a depleted uranium penetrator component with the exception of NATO members and countries designated as major non-NATO allies.

When this language was first adopted in 1987, it specifically mentioned the M–833 antitank shell because it was the only destabilizing class of shell being sought at the time. It was the intent of Congress to prevent the sale of all types of antitank shell containing depleted uranium penetrator components to all countries, except those specifically exempted under section 558. This was clearly the meaning of the phrase "or any comparable antitank shells * * *."

With the potential future sale of U.S. tanks armed with 120 mm cannons, it is useful to clarify the intent of the original language. Congress had clearly intended to prevent the sale of all depleted uranium antitank rounds, including such shells as the M–829 which is used with the more modern armament, from being sold to the countries not specifically exempted.

GUARANTY RESERVE FUND INTEREST

The guaranty reserve fund [GRF] amendment in Public Law 100–202, December 22, 1987, 101 Stat. 1329–150, established borrowing authority from the Secretary of the Treasury by the GRF commencing in fiscal 1989 to cover GRF liabilities to the Federal Financing Bank and other guarantied lenders, such as private U.S.

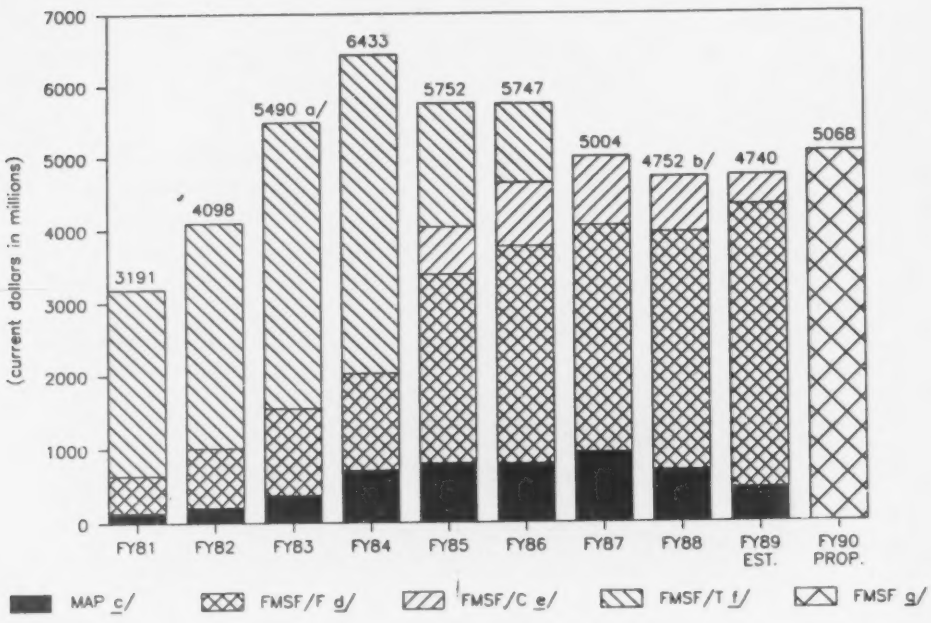
banks making FMS Debt Reform refinancing loans. That law requires the GRF to pay the Treasury interest, but fails to provide any means by which the GRF can raise funds to pay that interest (other than additional Treasury borrowings). The Committee has included bill language which allows the GRF to retain any interest and late charges which are paid the U.S. Government along with missed payments, and rescheduled (postponed) payments owed to the GRF. As amended effective with fiscal 1989, section 37(c) of the Arms Export Control Act would read:

> (c) Notwithstanding the provisions of subsection (b), to the extent that any of the funds constituting the reserve under section 24(c) are paid out for a claim arising out of a loan guaranteed under section 24, amounts received from a foreign government or international organization after the date of such payment, with respect to such claim, together with any interest and late charges thereon, shall be credited to such reserve, shall be merged with the funds in such reserve, and shall be available for any purposes for which funds in such reserve are available.

FOREIGN MILITARY FINANCING PROGRAM

The following graphs detail the amount provided for this program in both current and constant dollars since fiscal year 1981:

FOREIGN MILITARY SALES FINANCING PROGRAM
FY 1981 - 1990
CURRENT DOLLARS IN MILLIONS



a/ Includes a supplemental of $293.5 million.

b/ Reflects net budget authority after recission of $32 million applicable to fiscal year 1985 and 1986 appropriations.

c/ Military Assistance Program grant funding merged into the FMS Trust Fund for the purchase of defense goods and services under the Arms Export Control Act, pursuant to Sec. 503(a)(3) FAA.

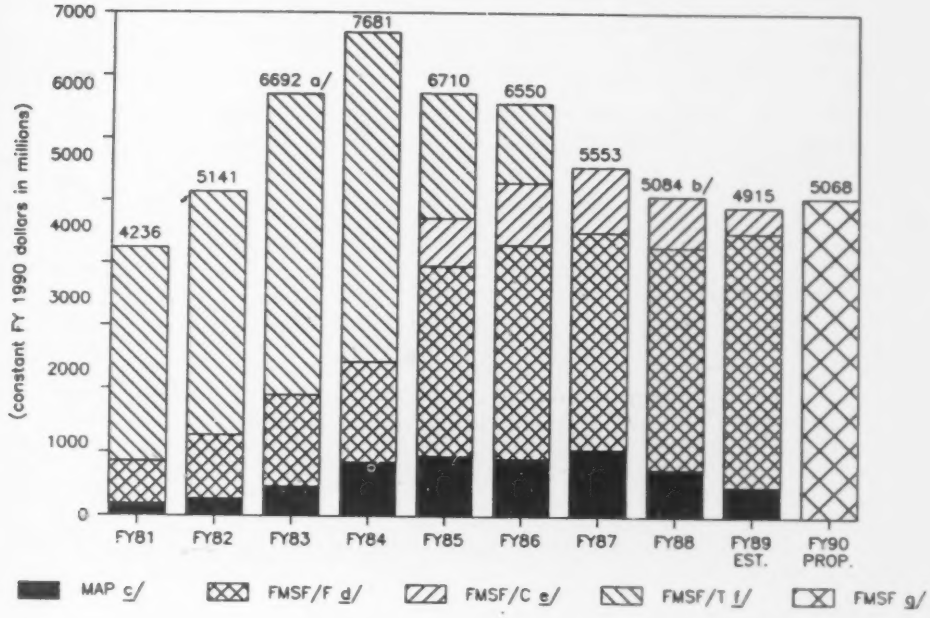
d/ Foreign Military Sales Financing Non-Repayable Loans

e/ Foreign Military Sales Financing Concessional Rate Loans (5%)

f/ Foreign Military Sales Financing Treasury Rate Loans (that is, at the rate which Treasury borrows on market)

g/ Foreign Military Sales Financing Grants

FOREIGN MILITARY SALES FINANCING PROGRAM
FY 1981 - 1990
CONSTANT FY 1990 DOLLARS IN MILLIONS



a/ Includes a supplemental of $293.5 million.

b/ Reflects net budget authority after recission of $32 million applicable to fiscal year 1985 and 1986 appropriations.

c/ Military Assistance Program grant funding merged into the FMS Trust Fund for the purchase of defense goods and services under the Arms Export Control Act, pursuant to Sec. 503(a)(3) FAA.

d/ Foreign Military Sales Financing Non-Repayable Loans

e/ Foreign Military Sales Financing Concessional Rate Loans (5%)

f/ Foreign Military Sales Financing Treasury Rate Loans (that is, at the rate which Treasury borrows on market)

g/ Foreign Military Sales Financing Grants

FOREIGN MILITARY SALES FINANCING PROGRAM—BUDGET AUTHORITY/OBLIGATIONS

(Dollars in thousands)

	Actual fiscal year 1988			Estimated fiscal year 1989			Proposed fiscal year 1990		
	Concessional interest rate loans	Grant funding	Total	Concessional interest rate loans	Grant funding	Total	Concessional interest rate loans	Grant funding	Total
Near East and South Asia:									
Egypt		$1,300.00	$1,300.00		$1,300.00	$1,300.00		$1,300.00	$1,300.00
Israel		1,800.00	1,800.00		1,800.00	1,800.00		1,800.00	1,800.00
Jordan					10.00	10.00		48.00	48.00
Morocco	12.00		12.00		52.00	52.00		40.00	40.00
Nepal								.50	.50
Pakistan	230.00	30.00	260.00		230.00	230.00		240.00	240.00
Tunisia					30.00	30.00		30.00	30.00
Yemen								2.00	2.00
Subtotal	242.00	3,130.00	3,372.00		3,422.00	3,422.00		3,460.50	3,460.50
Europe:									
Greece	313.00		313.00	320.00		320.00		350.00	350.00
Portugal	2.50		2.50		100.00	100.00		125.00	125.00
Turkey	178.00	156.00	334.00	90.00	340.75	430.75		550.00	550.00
Subtotal	493.50	156.00	649.50	410.00	440.75	850.75		1,025.00	1,025.00
Africa:									
ACS/CA/H								6.00	6.00
Botswana								4.00	4.00
CAR								.50	.50
Chad								10.00	10.00
Djibouti								2.00	2.00
Kenya								15.00	15.00
Liberia								1.00	1.00
Madagasc								1.00	1.00
Malawi								1.20	1.20
Niger								2.00	2.00
Senegal								2.00	2.00
Somalia								15.00	15.00

Sudan							5.00	5.00
Zaire							9.00	9.00
Subtotal							73.70	73.70
AMREP:								
Argentina							2.00	2.00
Belize							.50	.50
Bolivia							7.00	7.00
Colombia							20.00	20.00
Costa Ric							1.50	1.50
Dom Rep							2.00	2.00
E Caribb							5.00	5.00
Ecuador							3.00	3.00
El Salv							97.00	97.00
Guatemala							9.00	9.00
Honduras							60.00	60.00
Jamaica							5.00	5.00
Peru							5.00	5.00
Uruguay							.50	.50
Subtotal							217.50	217.50
East Asia and Pacific:								
Fiji							.30	.30
Indonesia	4.00		4.00				5.00	5.00
Philipp							200.00	200.00
Thailand	23.50		23.50				45.00	45.00
Subtotal	27.50		27.50				250.30	250.30
Total obligations	763.00	3,286.00	4,049.00	410.00	3,862.75	4,272.75	5,027.00	5,027.00
Recissions			−32.00					
Net budget authority	763.00	3,286.00	[1] 4,017.00	410.00	3,862.75	4,272.75	5,027.00	5,027.00

[1] Public Law 100–202 appropriated $4,049,000 for fiscal year 1988. Also included was a $32,000,000 recission applicable to fiscal years 1985 and 1986 appropriations resulting in a net budget authority of $4,017,000 for fiscal year 1988.

The administration proposed to finance the fiscal year 1989 Foreign Military Sales Credit Program in the following manner:

FOREIGN MILITARY SALES CREDIT PROGRAM

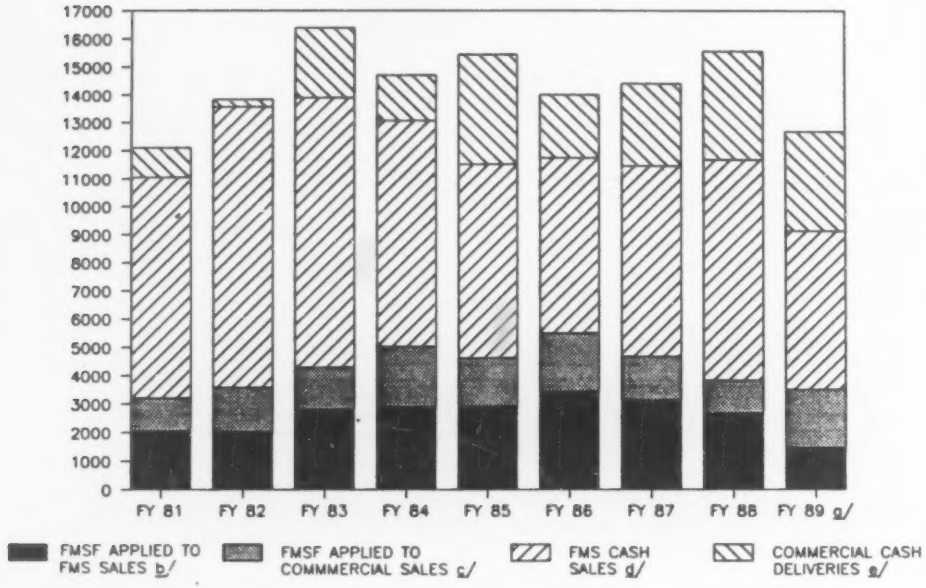
[In thousands of dollars]

Country	Fiscal year—		
	Actual 1988	Estimated 1989	Proposed 1990
Foreign Military Sales Credit Program	4,049,000	4,272,750	5,027,000
Repayment forgiven/grant for Egypt [1]	(1,300,000)	(1,300,000)	(1,300,000)
Repayment forgiven/grant for Israel [1]	(1,800,000)	(1,800,000)	(1,800,000)
Grant—all others		(762,750	(1,927,000)
Concessional rate loans	(949,000)	(410,000)	
Rescission of prior year obligations	32,000		
Budget authority (appropriation)	[2] 4,017,000	4,272,750	5,027,000
Outlays	−74,644	−922,541	3,791,033

[1] Repayments are forgiven in 1988; the funding in 1989 and 1990 is all grant.
[2] Public Law 100–202 appropriated $4,049,000 for fiscal year 1988. Also included in the law was a $32,000,000 recission applicable to fiscal year 1985 and fiscal year 1986 appropriations resulting in a net budget authority of $4,017,000 for fiscal year 1988.

Following are graphs showing the relationship between Foreign Military Sales Credits to total U.S. military export sales in current and constant (1990) dollars:

U.S. MILITARY EXPORT SALES
FY 1981 - 1989
CURRENT DOLLARS IN MILLIONS



a/ Figures for FY 1989 are for activity through July, 1989.

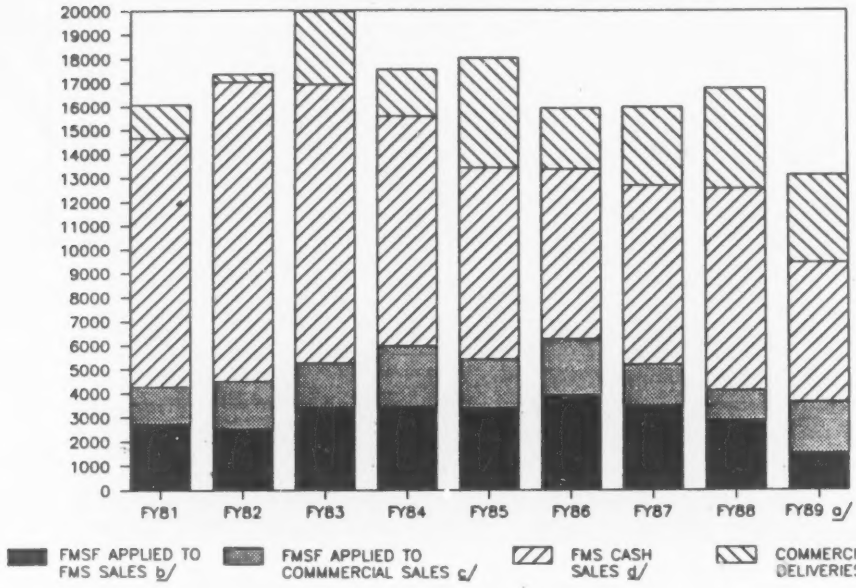
b/ Represents estimated disbursements of FMSF funds from current or prior years used to finance government-to-government sales under the Arms Export Control Act.

c/ Represents estimated disbursements of FMSF funds from current or prior years used to finance licensed sales of defense equipment which are arranged directly between the purchasing country and American companies.

d/ Represents estimated disbursements of foreign national funds ("cash") used to finance government-to-government sales of defense equipment and services under the Arms Export Control Act.

e/ Deliveries by U.S. industry direct to foreign purchasers which are not administered by the Department of Defense, for foreign national funds ("cash"). Data for fiscal years 1981 through 1988 are based on the value of exports to foreign countries and international organizations for which licenses were issued by the Office of Munitions Control, Department of State.

U.S. MILITARY EXPORT SALES
FY 1981 - 1989
MILLIONS OF CONSTANT FY 1990 DOLLARS



a/ Figures for FY 1989 are for activity through July, 1989.

b/ Represents estimated disbursements of FMSF funds from current or prior years used to finance government-to-government sales under the Arms Export Control Act.

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INTERNATIONAL MILITARY EDUCATION AND TRAINING

Appropriations, 1989	$47,400,000
Budget estimate, 1990	54,500,000
House allowance	47,400,000
Committee recommendation	47,400,000

The Committee is recommending $47,400,000 for the International Military Education and Training Program, which is the level appropriated in fiscal 1989 level, and the same as the House recommendation. The administration requested $54,500,000.

Last year, while recognizing the value in fostering close professional ties between foreign military establishments and the American military, the Committee expressed displeasure at the use of limited IMET funds to support military training programs in high income countries which have the capacity to pay their own way. As a result, language was included in the bill directing that none of the funds appropriated under this heading would be available to pay room and board or travel expenses of IMET grantees from any country whose annual per capita GNP exceeds $2,349, as set forth in the International Bank for Reconstruction and Development "World Development Report, 1988". Tuition costs of IMET participants from those countries could still be paid with IMET funds. Thus, subsidies by the American taxpayer for military training of officers from countries such as Austria, Finland, Iceland, and Luxembourg, each with per capita GNP's of more than $10,000, were reduced, though not eliminated. The Committee does not believe this is an appropriate use of scarce foreign aid dollars, especially in these times of budget stringency.

The administration argues strongly for retention of the authority to use IMET funds to pay tuition of officers from high income countries on grounds of the foreign policy importance of retaining defense links with such countries, some of which are neutrals. The Committee recognizes the force of such arguments, which is why the Committee has in the past permitted continuation of such payments. However, the budget situation in the foreign assistance program has become so difficult that the Committee can no longer agree to this subvention. High income countries can afford to pay the full costs of their officers receiving military training in the United States, and the Committee is convinced many of these countries have their own foreign policy reasons for wishing to do so.

Therefore, the limitation in last year's bill has been expanded to cover tuition, as well as room and board expenses for IMET grantees from any country whose per capita GNP exceeds $2,349.

The Committee does note that the requirement that nations above the threshhold pay expenses for IMET training of their offices has caused difficulties to certain countries. The countries affected—in the Caribbean and Africa—are those for which GNP per capita figures are distorted by tourism or the oil market. Countries in the latter group in particular have suffered serious declines in revenues and have not been able to cover the travel and living allowances of their prospective trainees. As a result, they have had to cut by as much as two-thirds the number of their officers coming to the United States. Some of these countries are counted on for their continuing assistance in combating narcotics trafficking. The Committee has, therefore, provided a limited exemption from the threshhold requirement for these countries. It is the Committee's understanding that the countries which would primarily be affected by this exemption are Antigua, Bahamas, Barbados, Trinidad, and Gabon.

Additionally, the Committee is concerned about the multitude of token IMET programs in small, impoverished countries which face no discernable military threat, and where the United States has no significant security interests. The Committee believes an IMET program concentrated on fewer countries of more foreign policy or

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security significance to the United States would be more appropriate in the current budget climate. Moreover, the Committee questions whether some of these funds going to impoverished ministates with no foreign enemies and only token military forces could not be more productively spent to support scholarships at American universities to train civilian officials in administrative, financial, or other governmental skills. For example, IMET funds are used to educate military officers in the United States from such countries as Burkina Faso, Cape Verde Islands, the Seychelles, Lesotho, and Papua New Guinea, justified on the vague grounds that it builds strong bonds with the United States and exposes the participants to American values. While that may be true, the Committee seriously questions the real returns, either to the United States or to the recipient country, of a handful of IMET scholarships to the military establishments of such countries.

The Committee is further concerned that there has never been an objective evaluation of whether IMET training actually changes attitudes about respect for human rights and civilian control. The Committee is told that IMET is a superb program with high payoff to the United States in foreign policy and national security terms. If this is so self-evident, it should be easy for the appropriate agencies in the executive branch to prepare a full analysis of the program demonstrating the achievements of the IMET program. The Committee would like to see concrete evidence that IMET training is having the desired effects. For example, 4,000 officers were trained from Nicaragua under Somoza and 4,000 from Ethiopia; in addition, 9,000 were trained from Brazil, 7,000 from Chile, 6,000 from Argentina, 3,000 from Guatemala, and 2,000 from El Salvador before United States assistance was cut off to those countries in the 1970's in large part because of military abuses of human rights and interference in civilian, constitutional government. Currently, 40 percent of the instructors at IMET's school for Latin American officers are themselves active-duty officers from the region, including from countries with politically powerful militaries with a record of recent human rights abuses such as Chile, Paraguay, El Salvador, and Peru.

The Committee believes it is necessary to have an objective study of the cost effectiveness of this program, with an evaluation of the value and impact of the courses offered and the program's specific accomplishments in terms of advancing U.S. foreign policy and national security objectives in the recipient countries. Accordingly, the Committee has requested the General Accounting Office to conduct such a study. As a companion to the GAO study, the Committee directs the Defense Security Assistance Agency, which administers the IMET program, to prepare a report, in cooperation with the Department of State, on the IMET program. This report, which should be submitted to the Committee by February 15, 1990, should address the three basic issues described at the beginning of this paragraph.

The Committee plans to draw on the DSAA report and the GAO study, when completed, for a thorough reexamination of the entire IMET program in the course of fiscal 1990.

The administration's proposal would provide instruction and training in military skills and U.S. military doctrine to the armed

forces and military civilian personnel of friendly countries as shown in the following table:

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM

BUDGET AUTHORITY/OBLIGATIONS

[In thousands of dollars]

Country	Fiscal year—		
	Actual 1988	Estimated 1989	Proposed 1990
Africa:			
Benin	69	75	100
Botswana	347	350	370
Burkina Faso	54	100	100
Burundi	130	140	140
Cameroon	274	275	275
Cape Verde	68	70	100
Central African Republic	150	180	180
Chad	248	250	400
Comoros	27	40	100
Congo		25	75
Djibouti	147	135	165
Equatorial Guinea	80	100	100
Gabon	146	100	100
Gambia	56	70	100
Ghana	175	175	200
Guinea	150	150	150
Guinea-Bissau	47	70	100
Ivory Coast	153	150	150
Kenya	1,022	1,030	1,100
Lesotho	60	70	100
Liberia	195	500	800
Madagascar	64	75	100
Malawi	197	250	300
Mali	147	150	175
Mauritania	93	125	125
Mauritius		20	50
Niger	269	275	275
Nigeria	98	100	100
Rwanda	64	100	100
Sao Tome and Principe	56	60	110
Senegal	456	475	525
Seychelles	16	50	100
Sierra Leone	72	70	100
Somalia	989	900	1,200
Sudan	738	900	1,050
Swaziland	52	50	100
Tanzania	23	50	120
Togo	62	100	100
Uganda	94	150	200
Zaire	1,000	1,000	1,300
Zimbabwe	177	200	240
Regional total	8,265	9,155	11,275
American Republics:			
Antigua and Barbuda [1]	49	25	40
Argentina	37	125	150
Bahamas	72	30	40
Barbados [1]	96	35	65
Belize	67	100	115
Bolivia	400	400	500
Brazil	44	125	150

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM—Continued

[In thousands of dollars]

Country	Fiscal year— Actual 1988	Estimated 1989	Proposed 1990
Chile		50	50
Colombia	1,246	1,000	1,500
Costa Rica	236	230	250
Dominica [1]	46	50	75
Dominican Republic	685	700	750
Ecuador	682	650	700
El Salvador	1,448	1,400	1,600
Grenada [1]	76	80	100
Guatemala	477	400	500
Guyana		50	50
Haiti		100	400
Honduras	1,172	1,100	1,250
Jamaica	305	300	350
Mexico	226	225	250
Pacams	2,100	2,100	2,300
Paraguay	148	125	150
Peru	421	520	525
St. Christopher-Nevis [1]	64	50	75
St. Lucia [1]	22	50	75
St. Vincent and Grenadines [1]	51	50	75
Suriname		25	50
Trinidad-Tobago	64	40	40
Uruguay	168	125	200
Venezuela	135	125	125
Regional total	10,537	10,385	12,500
East Asia and Pacific:			
Burma	247	260	250
Fiji		50	100
Indonesia	1,794	1,800	2,000
Korea	1,659	1,500	1,650
Malaysia	923	950	1,000
Papua-New Guinea	50	50	75
Philippines	2,650	2,600	2,900
Singapore	50	50	50
Solomon Islands	30	30	75
Thailand	2,150	2,200	2,400
Tonga	49	50	75
Vanuatu			30
Regional total	9,602	9,540	10,605
Europe and Canada:			
Austria	25	30	30
Finland	53	35	35
Greece	1,121	700	700
Iceland	23	25	25
Ireland		30	30
Luxembourg	26		25
Malta		50	50
Portugal	2,600	2,550	2,600
Spain	2,530	2,100	2,100
Turkey	3,500	3,400	3,500
Yugoslavia	73	100	100
Regional total	9,951	9,020	9,195
Near East and South Asia:			
Algeria	105	100	150

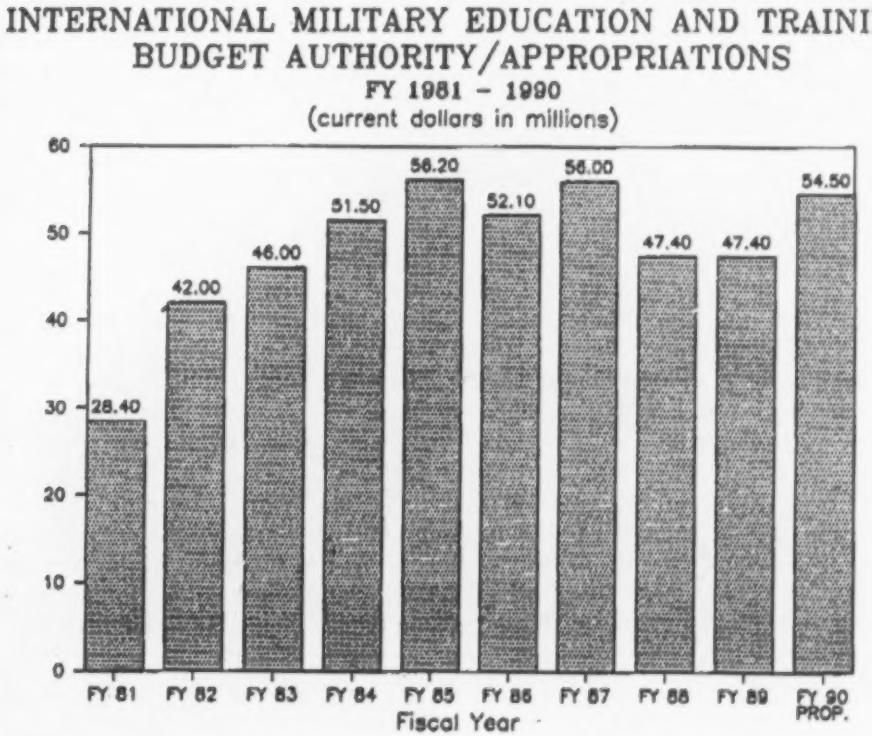
INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM—Continued

[In thousands of dollars]

Country	Fiscal year— Actual 1988	Estimated 1989	Proposed 1990
Bangladesh	302	300	300
Egypt	1,530	1,500	1,700
India	261	300	400
Jordan	1,741	1,750	2,200
Lebanon	385	400	550
Maldives	29	30	50
Morocco	995	1,000	1,400
Nepal	105	100	125
Oman	104	100	100
Pakistan	824	915	1,000
Sri Lanka	161	160	200
Tunisia	1,306	1,400	1,500
Yemen (Sanaa)	1,062	1,000	1,100
Regional total	8,910	9,055	10,775
Nonregional: General costs	135	245	150
Total budget authority/obligations	47,400	47,400	54,5 0

[1] These countries comprise the eastern Caribbean. See Eastern Carribean narrative in section III for a discussion of specific country programs.

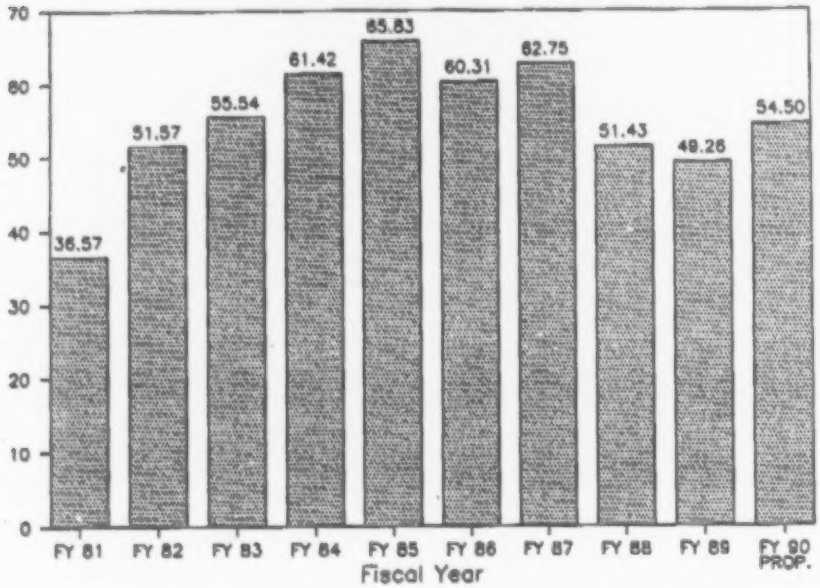
The following graphs detail the amount provided for this program in both current and constant dollars since fiscal year 1980:



INTERNATIONAL MILITARY EDUCATION AND TRAINING BUDGET AUTHORITY/APPROPRIATIONS

FY 1981 - 1990

(constant 1990 dollars in millions)



SPECIAL DEFENSE ACQUISITION FUND

(LIMITATION OF OBLIGATIONS)

Appropriations, 1989	($236,865,000)
Budget estimate, 1990	(325,000,000)
House allowance	(280,000,000)
Committee recommendation	(280,000,000)

The Committee recommends a ceiling of $280,000,000 on obligations under the special defense acquisition fund [SDAF] for fiscal 1990, the same as the House. The administration requested a ceiling of $325,000,000. The Committee also recommends bill language providing 3 year obligational authority for the SDAF.

The SDAF permits procurement of defense items in anticipation of customer needs. This permits smaller orders from countries to enjoy economies of scale prices associated with U.S. procurement. It also reduces contract lead time for the purchaser. The primary benefit to the United States is strengthening the defense industrial base through increased sales and flexibility in leveling larger production runs. Another benefit is the buffer it provides in the drawdown of existing Department of Defense stocks to meet emergency requirements, which can adversely affect U.S. force readiness. In most emergency military equipment resupply scenarios, the SDAF has a major role.

PEACEKEEPING OPERATIONS

Appropriations, 1989	$31,689,000
Budget estimate, 1990	33,377,000
House allowance	33,377,000
Committee recommendation	33,377,000

The Committee is recommending $33,377,000 for peacekeeping operations. This is the same level as the administration request for fiscal year 1990. These funds are used to support the United Nations force in Cyprus and the multinational force and observers in the Sinai.

This year was marked by an historic peace agreement in southern Africa, and the Committee was called upon to fund the startup costs of peacekeeping and verification operations in Namibia and Angola. While the Committee agreed to provide these funds, it disagreed strongly with the procedure by which they were sought by the administration. In a letter to former Secretary of State Shultz, the chairman and ranking member of the Subcommittee on Foreign Operations spelled out several important conditions pursuant to which the funds were made available. It is the Committee's understanding that these conditions were accepted in full by the administration.

In addition, the Committee has agreed to a transfer of additional funds for fiscal 1989 to support peacekeeping needs, including up to $5,000,000 from foreign operations, export financing, and related operations. These funds were provided in the supplemental appropriation for fiscal 1989.

The Committee is also concerned that if the Government of Vietnam honors its commitment to end its occupation of Cambodia, the administration will once again seek the Committee's support for peacekeeping operations there. There have also been recent discussions among the leaders of Central America of a U.N. peacekeeping force. Committee stresses that in all cases the administration has a responsibility to submit adequate budget requests to provide for anticipated peacekeeping needs. The Committee believes U.S. peacekeeping contributions cannot continue to be made on an ad hoc basis, with funds transferred from other accounts in the middle of the fiscal year. This is disruptive to other programs and is bad budget practice. The Committee expects that in the future, more realistic budget requests for international peacekeeping activities will be forthcoming.

TITLE IV

EXPORT ASSISTANCE

EXPORT-IMPORT BANK

(Limitation on Direct Loans)

Appropriations, 1989	$695,000,000
Budget estimate, 1990	500,000,000
House allowance	595,000,000
Committee recommendation	615,000,000

(Limitation on Guaranteed Loans)

Appropriations, 1989	$10,200,000,000
Budget estimate, 1990	10,384,000,000
House allowance	10,384,000,000
Committee recommendation	10,384,000,000

(Limitation on Administration Expenses)

Appropriations, 1989	$20,390,000
Budget estimate, 1990	22,782,000
House allowance	22,000,000
Committee recommendation	22,000,000

Appropriation for Tied Aid

Appropriations, 1989	$110,000,000
Budget estimate, 1990	100,000,000
House allowance	110,000,000
Committee recommendation	110,000,000

Appropriation for Interest Subsidies

Appropriations, 1989	
Budget estimate, 1990	
House allowance	$20,000,000
Committee recommendation	20,000,000

The Committee recommends $615,000,000 for the Direct Loan Program of the Export-Import Bank, of which $110,000,000 is available for the Warchest and $20,000,000 is available for the I-Match Interest Buydown Program. The Committee recommends a limitation of $22,000,000 on Exim administrative expenses. The Committee's recommendation for the Direct Loan Program compares with the administration's request that the program be terminated, with zero funding for fiscal 1990.

In the report which accompanied the Senate Foreign Assistance and Related Programs appropriations bill for fiscal year 1989, there was an extensive discussion under this heading about AID, OPIC,

TDP, and the Export-Import Bank, their relationship and their separate roles in development and export support. Rather than repeat that material here, the Committee simply refers to that discussion which is a good primer on these programs.

LONG-TERM FUNDING PROBLEMS

The Committee instead wishes to concentrate on the administration's lack of support for the Export-Import Bank, and the problems that dearth of support has created in the budget mechanisms for the entire bill.

From the time of the Carter administration, through the Reagan administration and now into the Bush administration, there has been in the executive branch a strong prejudice against the Exim Bank. This antipathy found a home base in the Office of Management and Budget which has resulted in steadily declining administration funding requests for this important institution, finally leading to a zero funding request for fiscal 1990. Conversely, Congress has always been supportive of the Exim Bank, because of its conviction that this institution helps to ease our trade imbalance and creates American jobs. The Committee continues to believe that the need for a strong Exim Bank is clear. Therefore, the Committee recommends a Direct Loan Program for the bank of $595,000,000. Only the extremely difficult budget situation leads the Committee to recommend a decrease from fiscal 1989 level of $695,000,000 for the Direct Loan Program.

The Committee cannot overstress the problems for the foreign assistance program as a whole created by the administration's attempt to terminate the Direct Loan Program in the face of longstanding and strong bipartisan support in Congress for it. Having to find a barely adequate funding level for the Direct Loan Program while at the same time seeking to provide for the administration's priority programs and funding other programs supported by Congress has been extraordinarily difficult. The Committee has been forced, much against its will, to cut other important programs in order to find funds for the Exim Bank Direct Loan Program. The Committee strongly advises that in the formulation of the fiscal 1991 budget, the administration does not repeat the mistake of asking for inadequate funding of this program, thereby forcing the Congress to cut programs which the administration supports in order to fund this vital activity in support of U.S. exports.

The Committee amends section 512 of the Foreign Operations and Related Programs Act to include all Export-Import Bank direct loans, credits, or guarantees.

RENEWABLE ENERGY

The Committee also includes bill language requiring the Export-Import Bank to award at least 5 percent of its energy industry export funding for renewable energy projects. The provision requests the Export-Import Bank to report annually on its activities in support of renewable energy projects, and calls for information exchanges and training to help link U.S. producers with assistance programs and potential foreign customers.

TRADE AND DEVELOPMENT PROGRAM

Appropriations, 1989	$25,000,000
Budget estimate, 1990	25,000,000
House allowance	30,000,000
Committee recommendation	30,000,000

The Committee recommends an appropriation of $30,000,000 for the Trade and Development Program for fiscal 1990, the same as the level recommended by the House, and $5,000,000 more than the request.

The Committee funds the TDP at a higher level, in recognition of its importance in promoting U.S. exports.

During the past 2 years the Trade and Development Program has established a program of cooperation with State trade agencies. This initiative has been a great success, and the Committee expects that TDP will continue to work closely with the States to develop new export opportunities overseas.

TRADE CREDIT INSURANCE PROGRAM

(LIMITATION ON GUARANTEES)

Appropriations, 1989	($200,000,000)
Budget estimate, 1990	(200,000,000)
House allowance	(200,000,000)
Committee recommendation	(200,000,000)

The Committee recommends a limitation $200,000,000 on guarantees provided under the TCIP. This is the same as the administration request and the House recommendation. This action has no effect on budget outlays.

The TCIP provides guarantees to U.S. banks which agree to finance the export of goods and services from the United States to the private sector in Central America. The TCIP, though an AID program, is administered by the Export-Import Bank. The aim of the TCIP is to induce U.S. banks to return to their previous role of trade financing in that region.

GENERAL PROVISIONS

The following explains changes the Committee is recommending to general provisions contained in previous law, as well as new provisions recommended by the Committee:

Sec. 512 has been revised to expand the prohibition on obligations or expenditures to include direct loans, credits, insurance and guarantees of the Exim Bank or its agents.

Sec. 514 modifies current law to allow transfers between accounts if the President provides written justification and follows regular notification procedures.

Sec. 515 limits AID's deobligation/reobligation authority of funds appropriated for purposes of sections 103 through 106 of the Foreign Assistance Act to not more than $15,000,000.

Sec. 517 restores current laws regarding the period of availability of funds.

Sec. 518 exempts Colombia, Bolivia, and Peru from application of this section with respect to funds made available for narcotics-related activities.

Sec. 523 restores current law regarding congressional notification procedures.

Sec. 526 provides that the United States shall not make any contribution to any affiliated organization of the United Nations which grants membership as a state to any organization that does not have internationally recognized attributes of statehood.

Sec. 527 makes technical changes in the repeal of current provisions of law.

Sec. 533 adds several new directives to the MDB's and AID concerning the environment.

Sec. 536 amends the House bill by deleting an earmark of funds for the Afghanistan emergency trust fund and earmarking funds for Afghanistan.

Sec. 545 provides for IMET assistance for Chile under certain conditions.

Sec. 551 provides for the drawdown of excess defense articles for narcotics-related activities, disaster, and refugee assistance.

Sec. 553 provides for the obligation and expenditure of funds without prior authorization.

Sec. 560 expands the exceptions from restrictions on assistance to Haiti to include assistance for the control and eradication of swine flu.

Sec. 562 reallocates Panama's sugar quota primarily to Caribbean basin initiative countries and the Philippines.

Sec. 569 permits the use of such IMET funds as may be necessary for narcotics-related police training activities for countries in the Andes.

Sec. 572 changes the way in which FMS is charged by excluding certain administrative costs of the United States. The section is effective on October 1, 1990.

Sec. 573 authorizes the transfer of excess defense articles to NATO southern flank countries, certain major non-NATO allies, and major illicit drug producing countries.

Sec. 578 requires that 25 percent of ESF funds for El Salvador be used for activities in accordance with development assistance criteria.

Sec. 580 prohibits the sale of Stingers to any country bordering the Persian Gulf.

Sec. 581 addresses the disposition and replacement of Stingers previously sold to Bahrain.

Sec. 584 permits nongovernmental organizations to retain interest earned on local currencies derived from debt-for-development exchanges (including debt-for-nature exchanges) and other economic assistance activities of AID.

Sec. 585 provides assistance for Lebanon under the general authorities of section 491 of the Foreign Assistance Act of 1961.

Sec. 586 modifies the authorities of the Foreign Service Grievance Board in certain circumstances.

Sec. 587 raises the ceiling on the value of DOD equipment which may be stored overseas.

Sec. 590 extends the waiver of section 620E(d) for Pakistan until April 1, 1991.

Sec. 591 establishes procedures for accounting of local currencies accruing from certain AID assistance programs.

Sec. 592 requires AID to establish, in consultation with Congress and nongovernmental organizations, measureable and qualitative indicators for poverty reduction on a country-by-country basis.

Sec. 593 directs the Secretary of the Treasury to promote policy and staffing changes in the IMF to improve its ability to assess environmental issues arising from IMF programs.

Sec. 594 provides limitations on military and economic assistance for El Salvador.

Sec. 595 authorizes United States support for the Central American Development Coordination Commission.

Sec. 596 amends certain authorities regarding Guaranty Reserve Fund interest.

Sec. 597 authorizes the participation of OPIC in activities in Poland and Hungary.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI OF THE STANDING RULES OF THE SENATE

Rule XVI, paragraph 7 requires that every report on a general appropriation bill filed by the Committee must identify each recommended amendment which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session.

This report accompanies a bill which has its origin in the Senate and, therefore, the Committee does not believe that rule XVI, paragraph 7 applies in this case. However, if it did, several items pro-

vide funding which are either over Senate-passed authorization or lack authorization altogether. Those items are as follows:

International Finance Corporation	$75,000,000
International Organizations and Programs	241,125,000
The functional development assistance accounts of the Agency for International Development	1,221,621,000
Sub-Saharan development assistance	565,000,000
American Schools and Hospitals Abroad	40,000,000
International Disaster Assistance	25,000,000
Operating Expenses of the Agency for International Development	437,000,000
Operating expenses of the Agency for International Development, Office of the Inspector General	31,194,000
Economic support fund	3,247,000,000
African Development Foundation	9,000,000
Inter-American Foundation	16,931,000
Peace Corps	163,614,000
International narcotics control	115,000,000
Migration and refugee	370,000,000
Emergency refugee migration assistance	50,000,000
Antiterrorism assistance	10,017,000
International Military Assistance and Training	47,400,000
Foreign Military Financing Program	4,664,404,194
Guaranty Reserve Fund	(719,545,000)
Peacekeeping Operations	33,377,000
Trade and Development Program	30,000,000
Trade Credit Insurance Program	(200,000,000)

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of rule XXVI requires that Committee report on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

With respect to this bill, it is the opinion of the Committee that it is necessary to dispense with these requirements in order to expedite the business of the Senate.

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a), PUBLIC LAW 93–344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount of bill	Committee allocation	Amount of bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1990: Subcommittee on Foreign Operations, Export Financing, and Related Programs	14,455	14,455	12,355	[1] 12,354
Projections of outlays associated with budget authority recommended in the bill:				
1990	.....	.....	.....	[2] 5,755
1991	.....	.....	.....	2,831
1992	.....	.....	.....	3,276
1993	.....	.....	.....	852
1994 and future year	.....	.....	.....	613
Financial assistance to State and local governments for 1990 in the bill	.....	.....	.....	.....
	Direct loans		Loan guarantees	
Credit authority estimates, fiscal year 1990	1,071	636	6,414	8,668

[1] Includes outlays from prior-year budget authority.
[2] Excludes outlays from prior-year budget authority.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1989 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1990

[Amounts in dollars]

Item (1)	1989 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or –)		
					1989 appropriation (6)	Budget estimate (7)	House allowance (8)
TITLE I - MULTILATERAL ECONOMIC ASSISTANCE							
FUNDS APPROPRIATED TO THE PRESIDENT							
International Financial Institutions							
World Bank Group							
Contribution to the International Bank for Reconstruction and Development:							
Paid-in capital	50,000,795	90,251,869	---	50,000,795	---	-40,251,074	+50,000,795
Limitation on callable capital subscriptions	(2,292,972,540)	(2,241,863,586)	---	(2,241,863,586)	(-51,108,954)	---	(+2,241,863,586)
Total, contribution to the International Bank for Reconstruction and Development	(2,342,973,335)	(2,332,115,455)	---	(2,291,864,381)	(-51,108,954)	(-40,251,074)	(+2,291,864,381)
Budget authority	50,000,795	90,251,869	---	50,000,795	---	-40,251,074	+50,000,795
Limitation on callable capital	(2,292,972,540)	(2,241,863,586)	---	(2,241,863,586)	(-51,108,954)	---	(+2,241,863,586)
Contribution to the International Development Association	995,000,000	965,000,000	965,000,000	965,000,000	-30,000,000	---	---
Contribution to the International Finance Corporation	4,891,528	114,936,472	88,000,000	75,000,000	+70,108,472	-39,936,472	-13,000,000
Total, contributions World Bank Group	(3,342,864,863)	(3,412,051,927)	(1,053,000,000)	(3,331,864,381)	(-11,000,482)	(-80,187,546)	(+2,278,864,381)
Budget authority	1,049,892,323	1,170,188,341	1,053,000,000	1,090,000,795	+40,108,472	-80,187,546	+37,000,795

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1989 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1990—Continued

[Amounts in dollars]

Item (1)	1989 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or −)		
					1989 appropriation (6)	Budget estimate (7)	House allowance (8)
Limitation on callable capital	(2,292,972,540)	(2,241,863,586)	---	(2,241,863,586)	(-51,108,954)	---	(+2,241,863,586)
Contribution to the Inter-American Development Bank:							
Fund for special operations	---	63,724,629	63,724,629	53,724,629	+53,724,629	-10,000,000	-10,000,000
Inter-regional paid-in capital	---	31,617,983	---	31,617,983	+31,617,983	---	+31,617,983
Inter-American Investment Corporation	---	25,500,000	---	---	---	-25,500,000	---
Total, contribution to the Inter-American Development Bank	---	120,842,612	63,724,629	85,342,612	+85,342,612	-35,500,000	+21,617,983
Contribution to the Asian Development Bank:							
Development fund	152,392,036	230,711,964	221,896,000	152,392,036	---	-78,319,928	-69,503,964
Contribution to the African Development Fund	105,000,000	105,000,000	105,000,000	105,000,000	---	---	---
Contribution to the African Development Bank:							
Paid-in capital	7,345,371	10,641,308	9,641,308	9,641,308	+2,295,937	-1,000,000	---
Limitation on callable capital	(135,062,946)	(134,809,613)	(134,809,613)	(134,809,613)	(-253,333)	---	---
Total, contributions to the African Development Bank	(142,408,317)	(145,450,921)	(144,450,921)	(144,450,921)	(+2,042,604)	(-1,000,000)	---
Budget authority	7,345,371	10,641,308	9,641,308	9,641,308	+2,295,937	-1,000,000	---
Callable capital	(135,062,946)	(134,809,613)	(134,809,613)	(134,809,613)	(-253,333)	---	---

IMF - Enhanced structural adjustment facility.....	---	150,000,000	150,000,000	---	---	-150,000,000	-150,000,000
Total, contribution to International Financial Institutions.....	(3,742,665,216)	(4,164,057,424)	(1,738,071,550)	(3,819,049,950)	(+76,384,734)	(-345,007,474)	(+2,080,978,400)
Budget authority.....	1,314,629,730	1,787,384,225	1,603,261,937	1,442,376,751	+127,747,021	-345,007,474	-160,885,186
Limitation on callable capital.....	(2,428,035,486)	(2,376,673,199)	(134,809,613)	(2,376,673,199)	(-51,362,287)	---	(+2,241,863,586)
Department of State							
International organizations and programs.....	226,115,000	209,000,000	230,115,000	241,125,000	+15,010,000	+32,125,000	+11,010,000
International Fund for Agricultural Development.....	---	---	40,000,000	30,000,000	+30,000,000	+30,000,000	-10,000,000
Total, title I, contribution for Multilateral Economic Assistance.....	(3,968,780,216)	(4,373,057,424)	(2,008,186,550)	(4,090,174,950)	(+121,394,734)	(-282,882,474)	(+2,081,988,400)
Budget authority.....	1,540,744,730	1,996,384,225	1,873,376,937	1,713,501,751	+172,757,021	-282,882,474	-159,875,186
Limitation on callable capital.....	(2,428,035,486)	(2,376,673,199)	(134,809,613)	(2,376,673,199)	(-51,362,287)	---	(+2,241,863,586)
TITLE II - BILATERAL ECONOMIC ASSISTANCE							
FUNDS APPROPRIATED TO THE PRESIDENT							
Agency for International Development							
Agriculture, rural development, and nutrition, Development Assistance.....	493,715,000	477,760,000	---	483,715,000	-10,000,000	+5,955,000	+483,715,000
Population, Development Assistance.....	197,940,000	201,600,000	201,600,000	220,000,000	+22,060,000	+18,400,000	+18,400,000
Health, Development Assistance.....	122,459,000	125,994,000	---	125,994,000	+3,535,000	---	+125,994,000
International AIDS prevention and control program.....	40,000,000	42,000,000	---	42,000,000	+2,000,000	---	+42,000,000
Child Survival Fund.....	71,000,000	71,000,000	---	71,000,000	---	---	+71,000,000
Education and human resources development, Development Assistance.....	129,541,000	139,000,000	---	134,541,000	+5,000,000	-4,459,000	+134,541,000
Private sector, environmental, and energy, Development Assistance.....	120,709,000	128,984,000	---	135,709,000	+15,000,000	+6,725,000	+135,709,000
Science and technology, Development Assistance.....	8,662,270	8,662,000	---	8,662,000	-270	---	+8,662,000
Private sector revolving fund:							
(By transfer).....	(9,000,000)	(5,000,000)	(4,611,502)	(5,000,000)	(-4,000,000)	---	(+388,498)
(Limitation on direct loans).....	(12,000,000)	(3,500,000)	(3,228,051)	(3,500,000)	(-8,500,000)	---	(+271,949)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1989 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1990—Continued

[Amounts in dollars]

Item (1)	1989 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or –)		
					1989 appropriation (6)	Budget estimate (7)	House allowance (8)
(Limitation on guaranteed loans)	(50,000,000)	(50,000,000)	(46,115,020)	(100,000,000)	(+50,000,000)	(+50,000,000)	(+53,884,980)
Development Assistance	---	---	968,400,000	---	---	---	-968,400,000
Development assistance transfer from ESF	---	---	920,000,000	---	---	---	-920,000,000
Subtotal, development assistance	1,184,026,270	1,195,000,000	2,090,000,000	1,221,621,000	+37,594,730	+26,621,000	-868,379,000
Reappropriation (deobligation/reobligation) authority	12,500,000	39,000,000	39,000,000	15,000,000	+2,500,000	-24,000,000	-24,000,000
Sub-Saharan Africa, Development Assistance	500,000,000	565,000,000	515,000,000	565,000,000	+65,000,000	---	+50,000,000
Southern Africa Development Assistance	50,000,000	---	50,000,000	---	-50,000,000	---	-50,000,000
Total, development assistance	1,746,526,270	1,799,000,000	2,694,000,000	1,801,621,000	+55,094,730	+2,621,000	-892,379,000
American schools and hospitals abroad	35,000,000	30,000,000	30,000,000	40,000,000	+5,000,000	+10,000,000	+10,000,000
International disaster assistance	25,000,000	25,000,000	25,000,000	25,000,000	---	---	---
Payment to the Foreign Service Retirement and Disability Fund	40,532,000	40,147,000	40,147,000	40,147,000	-385,000	---	---
Operating expenses of the Agency for International Development	414,000,000	447,684,000	437,000,000	437,000,000	+23,000,000	-10,684,000	---
Operating expenses of the Agency for International Development Office of the Inspector General	28,500,000	31,194,000	30,000,000	31,194,000	+2,694,000	---	+1,194,000
Housing and other credit guaranty programs:							
(Limitation on guaranteed loans)	(125,000,000)	(100,000,000)	(125,000,000)	(125,000,000)	---	(+25,000,000)	---
Guarantee reserve, indefinite borrowing authority	22,000,000	45,000,000	45,000,000	45,000,000	+23,000,000	---	---
Subtotal, Agency for International Development	2,311,558,270	2,418,025,000	3,301,147,000	2,419,962,000	+108,403,730	+1,937,000	-881,185,000

Economic support fund	3,258,500,000	3,331,100,000	2,145,000,000	3,247,000,000	-11,500,000	-84,100,000	+1,102,000,000
Reappropriation (deobligation/reobligation) authority	---	18,000,000	18,000,000	18,000,000	+18,000,000	---	---
Rescission	---	---	-59,000,000	---	---	---	+59,000,000
Subtotal, Economic support fund	3,258,500,000	3,349,100,000	2,104,000,000	3,265,000,000	+6,500,000	-84,100,000	+1,161,000,000
Anglo-Irish Accord	---	---	20,000,000	---	---	---	-20,000,000
Multilateral Assistance Initiative	---	200,000,000	160,000,000	160,000,000	+160,000,000	-40,000,000	---
Total, ESF/MAI/AIA	3,258,500,000	3,549,100,000	2,284,000,000	3,425,000,000	+166,500,000	-124,100,000	+1,141,000,000
Total, Agency for International Development	5,570,058,270	5,967,125,000	5,585,147,000	5,844,962,000	+274,903,730	-122,163,000	+259,815,000
Independent Agencies							
African Development Foundation							
Appropriations	8,000,000	9,000,000	9,000,000	9,000,000	+1,000,000	---	---
Inter-American Foundation							
Appropriations	16,600,000	16,932,000	16,932,000	16,932,000	+332,000	---	---
Overseas Private Investment Corporation							
(Limitation on direct loans)	(23,000,000)	(17,000,000)	(23,000,000)	(17,000,000)	(-6,000,000)	---	(-6,000,000)
(Limitation on guaranteed loans)	(175,000,000)	(175,000,000)	(189,000,000)	(229,000,000)	(+54,000,000)	(+54,000,000)	(+40,000,000)
(Limitation)	---	(3,000,000)	---	---	---	(-3,000,000)	---
Total, Funds Appropriated to the President	5,594,658,270	5,993,057,000	5,611,079,000	5,870,894,000	+276,235,730	-122,163,000	+259,815,000
Peace Corps							
Appropriations	153,500,000	163,614,000	163,614,000	163,614,000	+10,114,000	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1989 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1990—Continued

[Amounts in dollars]

Item (1)	1989 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or −)		
					1989 appropriation (6)	Budget estimate (7)	House allowance (8)
Department of State							
International narcotics control	101,000,000	115,000,000	115,000,000	115,000,000	+14,000,000	---	---
Migration and refugee assistance	461,950,000	370,000,000	370,000,000	370,000,000	-91,950,000	---	---
United States Emergency Refugee and Migration Assistance Fund	50,000,000	10,000,000	50,000,000	50,000,000	---	+40,000,000	---
Anti-terrorism assistance	9,840,000	10,017,000	10,017,000	10,017,000	+177,000	---	---
Total, Department of State	622,790,000	505,017,000	545,017,000	545,017,000	-77,773,000	+40,000,000	---
Total, title II, Economic assistance - bilateral:							
New budget (obligational) authority	6,370,948,270	6,661,688,000	6,319,710,000	6,579,525,000	+208,576,730	-82,163,000	+259,815,000
(Limitation on direct loans)	(35,000,000)	(20,500,000)	(26,228,051)	(20,500,000)	(-14,500,000)	---	(-5,728,051)
(Limitation on guaranteed loans)	(350,000,000)	(325,000,000)	(360,115,020)	(454,000,000)	(+104,000,000)	(+129,000,000)	(+93,884,980)
TITLE III - MILITARY ASSISTANCE							
FUNDS APPROPRIATED TO THE PRESIDENT							
Foreign Military Financing Program:							
Grants and concessional loans	4,272,750,000	5,027,000,000	4,664,404,194	4,664,404,194	+391,654,194	-362,595,806	---
Military Assistance	467,000,000	40,432,000	39,000,000	39,000,000	-428,000,000	-1,432,000	---

International Military Education and Training.....	47,400,000	54,500,000	47,400,000	47,400,000	---	-7,100,000	---
Subtotal, Military Assistance Programs.....	4,787,150,000	5,121,932,000	4,750,804,194	4,750,804,194	-36,345,806	-371,127,806	---
Guarantee Reserve Fund.....	939,500,000	719,545,000	719,545,000	719,545,000	-219,955,000	---	---
Special Defense Acquisition Fund (limitation on obligations).....	(236,865,000)	(325,000,000)	(280,000,000)	(280,000,000)	(+43,135,000)	(-45,000,000)	---
Peacekeeping operations.....	31,689,000	33,377,000	33,377,000	33,377,000	+1,688,000	---	---
Total, title III, Military Assistance Programs:							
New budget (obligational) authority.....	5,758,339,000	5,874,854,000	5,503,726,194	5,503,726,194	-254,612,806	-371,127,806	---
(Limitation on obligations).....	(236,865,000)	(325,000,000)	(280,000,000)	(280,000,000)	(+43,135,000)	(-45,000,000)	---
TITLE IV - EXPORT ASSISTANCE							
EXPORT-IMPORT BANK OF THE UNITED STATES							
Limitation of Program Activity:							
New budget (obligational) authority.....	695,000,000	600,000,000	615,000,000	615,000,000	-80,000,000	+15,000,000	---
(War Chest).....	(110,000,000)	(100,000,000)	(110,000,000)	(110,000,000)	---	(+10,000,000)	---
(I Match).....	---	---	(20,000,000)	(20,000,000)	(+20,000,000)	(+20,000,000)	---
(Limitation on direct loans).....	(695,000,000)	(500,000,000)	(595,000,000)	(615,000,000)	(-80,000,000)	(+115,000,000)	(+20,000,000)
(Limitation on guaranteed loans).....	(10,200,000,000)	(10,384,000,000)	(10,384,000,000)	(10,384,000,000)	(+184,000,000)	---	---
(Limitation on administrative expenses).....	(20,390,000)	(22,782,000)	(22,000,000)	(22,000,000)	(+1,610,000)	(-782,000)	---
Total, Export-Import Bank of the United States:							
New budget (obligational) authority.....	695,000,000	600,000,000	615,000,000	615,000,000	-80,000,000	+15,000,000	---
(Limitation on use of corporate funds).....	(11,025,390,000)	(11,006,782,000)	(11,111,000,000)	(11,131,000,000)	(+105,610,000)	(+124,218,000)	(+20,000,000)
FUNDS APPROPRIATED TO THE PRESIDENT							
Trade and Development Program							
Trade and development	25,000,000	25,000,000	30,000,000	30,000,000	+5,000,000	+5,000,000	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1989 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1990—Continued

[Amounts in dollars]

Item (1)	1989 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or −)		
					1989 appropriation (6)	Budget estimate (7)	House allowance (8)
Agency for International Development							
Trade credit insurance program (limitation on program activity)	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	---	---	---
Total, title IV, export assistance:							
New budget (obligational) authority	720,000,000	625,000,000	645,000,000	645,000,000	-75,000,000	+20,000,000	---
(Limitation on direct loans)	(695,000,000)	(500,000,000)	(595,000,000)	(615,000,000)	(-80,000,000)	(+115,000,000)	(+20,000,000)
(Limitation on guaranteed loans)	(10,310,000,000)	(10,484,000,000)	(10,494,000,000)	(10,494,000,000)	(+184,000,000)	(+10,000,000)	---
(Limitation on administrative expenses)	(20,390,000)	(22,782,000)	(22,000,000)	(22,000,000)	(+1,610,000)	(-782,000)	---
(Limitation on program activity)	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	---	---	---
TITLE V - GENERAL PROVISIONS							
FUNDS APPROPRIATED TO THE PRESIDENT							
General reduction	---	---	-57,200,000	---	---	---	+57,200,000
Grand total, all titles:							
New budget (obligational) authority	14,390,032,000	15,157,926,225	14,284,613,131	14,441,752,945	+51,720,945	-716,173,280	+157,139,814
(Limitation on obligations)	(236,865,000)	(325,000,000)	(280,000,000)	(280,000,000)	(+43,135,000)	(-45,000,000)	---
(Limitation on guaranteed loans)	(10,660,000,000)	(10,809,000,000)	(10,854,115,020)	(10,948,000,000)	(+288,000,000)	(+139,000,000)	(+93,884,980)
(Limitation on direct loans)	(730,000,000)	(520,500,000)	(621,228,051)	(635,500,000)	(-94,500,000)	(+115,000,000)	(+14,271,949)
(Limitation on callable capital)	(2,428,035,486)	(2,376,673,199)	(134,809,613)	(2,376,673,199)	(-51,362,287)	---	(+2,241,863,586)

(Limitation on administrative expenses).....	(20,390,000)	(22,782,000)	(22,000,000)	(22,000,000)	(+1,610,000)	(-782,000)	---
(Limitation on program activity).....	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	---	---	---
RECAP							
Military Assistance Programs:							
Foreign Military Financing Program:							
Grants and concessional loans.....	4,272,750,000	5,027,000,000	4,664,404,194	4,664,404,194	+391,654,194	-362,595,806	---
Military Assistance.....	467,000,000	40,432,000	39,000,000	39,000,000	-428,000,000	-1,432,000	---
International Military Education and Training.....	47,400,000	54,500,000	47,400,000	47,400,000	---	-7,100,000	---
Subtotal, military assistance programs.....	4,787,150,000	5,121,932,000	4,750,804,194	4,750,804,194	-36,345,806	-371,127,806	---
Guarantee Reserve Fund.....	939,500,000	719,545,000	719,545,000	719,545,000	-219,955,000	---	---
Special Defense Acquisition Fund.....	---	---	---	---	---	---	---
Central American reconciliation assistance.....	---	---	---	---	---	---	---
Peacekeeping operations.....	31,689,000	33,377,000	33,377,000	33,377,000	+1,688,000	---	---
Total, military assistance programs.....	5,758,339,000	5,874,854,000	5,503,726,194	5,503,726,194	-254,612,806	-371,127,806	---
Economic Support Fund/Special Assistance Initiatives..	3,258,500,000	3,549,100,000	2,284,000,000	3,425,000,000	+166,500,000	-124,100,000	+1,141,000,000
Development Assistance:							
International organizations and programs.....	226,115,000	209,000,000	270,115,000	271,125,000	+45,010,000	+62,125,000	+1,010,000
Bilateral Development Assistance.....	3,112,448,270	3,112,588,000	4,035,710,000	3,154,525,000	+42,076,730	+41,937,000	-881,185,000
Subtotal, non-bank development assistance.....	3,338,563,270	3,321,588,000	4,305,825,000	3,425,650,000	+87,086,730	+104,062,000	-880,175,000
International Financial Institutions:							
Multilateral development banks.....	1,309,738,202	1,522,447,753	1,365,261,937	1,367,376,751	+57,638,549	-155,071,002	+2,114,814
International Financial Institutions.....	4,891,528	114,936,472	88,000,000	75,000,000	+70,108,472	-39,936,472	-13,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1989 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1990—Continued

[Amounts in dollars]

Item (1)	1989 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or −)		
					1989 appropriation (6)	Budget estimate (7)	House allowance (8)
IMF/ESAF	---	150,000,000	150,000,000	---	---	-150,000,000	-150,000,000
Subtotal, International Financial Institutions	1,314,629,730	1,787,384,225	1,603,261,937	1,442,376,751	+127,747,021	-345,007,474	-160,885,186
Total, development assistance	4,653,193,000	5,108,972,225	5,909,086,937	4,868,026,751	+214,833,751	-240,945,474	-1,041,060,186
Total, titles I, II & III	13,670,032,000	14,532,926,225	13,696,813,131	13,796,752,945	+126,720,945	-736,173,280	+99,939,814
Export assistance:							
Budget authority effect of Ex-Im limitations	695,000,000	600,000,000	615,000,000	615,000,000	-80,000,000	+15,000,000	---
Other	25,000,000	25,000,000	30,000,000	30,000,000	+5,000,000	+5,000,000	---
Total, export assistance	720,000,000	625,000,000	645,000,000	645,000,000	-75,000,000	+20,000,000	---
General reduction	---	---	-57,200,000	---	---	---	+57,200,000
Total, all titles	14,390,032,000	15,157,926,225	14,284,613,131	14,441,752,945	+51,720,945	-716,173,280	+157,139,814

TITLE I - MULTILATERAL ECONOMIC ASSISTANCE							
Contributions to International Financial Institutions.	1,314,629,730	1,787,384,225	1,603,261,937	1,442,376,751	+127,747,021	-345,007,474	-160,885,186
International organizations and programs.....	226,115,000	209,000,000	270,115,000	271,125,000	+45,010,000	+62,125,000	+1,010,000
Total, contribution for Multilateral Economic Assistance.....	1,540,744,730	1,996,384,225	1,873,376,937	1,713,501,751	+172,757,021	-282,882,474	-159,875,186
TITLE II - BILATERAL ECONOMIC ASSISTANCE							
Bilateral Development Assistance.....	3,112,448,270	3,112,588,000	4,035,710,000	3,154,525,000	+42,076,730	+41,937,000	-881,185,000
Economic Support Fund/Special Assistance Initiatives..	3,258,500,000	3,549,100,000	2,284,000,000	3,425,000,000	+166,500,000	-124,100,000	+1,141,000,000
Total, Bilateral Economic Assistance.....	6,370,948,270	6,661,688,000	6,319,710,000	6,579,525,000	+208,576,730	-82,163,000	+259,815,000
TITLE III - MILITARY ASSISTANCE							
Military Assistance.....	514,400,000	94,932,000	86,400,000	86,400,000	-428,000,000	-8,532,000	---
Foreign Military Credit Sales.....	4,272,750,000	5,027,000,000	4,664,404,194	4,664,404,194	+391,654,194	-362,595,806	---
Other.....	971,189,000	752,922,000	752,922,000	752,922,000	-218,267,000	---	---
Total, Military Assistance Programs.....	5,758,339,000	5,874,854,000	5,503,726,194	5,503,726,194	-254,612,806	-371,127,806	---
TITLE IV - EXPORT ASSISTANCE							
Budget authority effect of Ex-Im limitations.....	695,000,000	600,000,000	615,000,000	615,000,000	-80,000,000	+15,000,000	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1989 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1990—Continued

[Amounts in dollars]

Item (1)	1989 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or −)		
					1989 appropriation (6)	Budget estimate (7)	House allowance (8)
Other	25,000,000	25,000,000	30,000,000	30,000,000	+5,000,000	+5,000,000	---
Total, export assistance	720,000,000	625,000,000	645,000,000	645,000,000	-75,000,000	+20,000,000	---
TITLE V - GENERAL PROVISIONS							
General reduction	---	---	-57,200,000	---	---	---	+57,200,000
Total, all titles	14,390,032,000	15,157,926,225	14,284,613,131	14,441,752,945	+51,720,945	-716,173,280	+157,139,814